Revolution on Wall Street *Robert Stuart Nathan*

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On and Off The Arabs' List

Sol Stern

Smug Russians — *Adam B. Ulam*
New York & Wisconsin — *Ken Bode*
Kissinger's Machinations — *TRB*
A Job for Everyone — *The Editors*

The Poems of Seamus Heaney
with an appreciation by Robert Fitzgerald

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TRB

from Washington
March 27, 1976

Machinations

President Ford isn't going to fire Henry Kissinger because he wouldn't know what to do without him. For the past seven years American foreign policy has been dominated by one man—and now more than ever. We have, in effect, two Presidents, one in the White House, the other in the State Department. As the election creeps forward the role of Mr. Kissinger will be more conspicuous for the conduct of foreign affairs is becoming more and more a campaign issue.

Mr. Ford is direct, Mr. Kissinger is devious; Mr. Ford is plain-spoken, Mr. Kissinger is circuitous; Mr. Ford is homespun and forthright, Mr. Kissinger is brilliant and duplicitous. The President proclaims foreign policy; his Secretary creates it.

The country owes a lot to Henry Kissinger. He had a big role in breaking down the cold war barriers to Moscow and Peking. It is his secrecy that is often questioned. He fitted right into the strange world of Richard Nixon. His supposed superior, Secretary of State William P. Rogers, never knew what was going on between Nixon-Kissinger in the hidden business of the President's visits to China and Russia, nor in the final Vietnam peace negotiations. Later Kissinger took Rogers' place. "Peace is at hand," he told the delighted voters just before the 1972 election.

When the Nixon-Kissinger team decided after many security leaks that the emergency required a little bugging, the Secretary of State went along with it, including the bugging of his own subordinates. Their versions of who instigated wiretapping differ; each implies it was the other and each appeals for corroborative support to J. Edgar Hoover, who's dead.

Finicky people condemn Kissinger for these transgressions of the gentleman's code; hawks like Ronald Reagan, Henry Jackson and George Wallace condemn him for not being tough enough on Communists; and liberals can't forget the way he supported the Vietnam war. He's attacked from both sides, and meanwhile reporters love him for he's always amusing, very communicative and news crackles around him. As for Henry himself, the Modern Metternichian Maestro, he throws a tantrum every now and then and threatens to quit. "I won't let him go," says President Ford, shocked.

Secretary Kissinger, I think, is working for his concept of international peace, and for America's strength and power, all the time; the difficulty is that you can't be sure of his judgment and of what shortcuts he may take to achieve his goals. He misled Congress about CIA involvement in Chile; he supported President Ford's ill-advised appeal for more money for collapsing South Vietnam just a year ago; he mysteriously allowed leaks to *Foreign Policy* magazine through a sympathetic writer who announced that Kissinger stood "at the apogee of his genius"; then he severely reprimanded a subordinate for the leaks in an explanation almost impossible to credit. Just recently he tried to persuade Congress to go along with covert aid against the Russians and Cubans in Angola—as complete a misreading of the national mood as we have seen for a long time.

There is a dangerous separation between the public and the Secretary that comes down to a lack of frankness. Foreign policy won't be successful in the long run in America if the people don't understand it and approve. In good part this is Mr. Ford's fault—it is his job as President to lead and explain. Does he understand the subtleties of the Kissinger policy?—often he seems to yield ground merely because he is being pushed by critics; "détente" became a naughty word under the Reagan attack so he simply dropped it. Now the administration is slapping back at Moscow by dramatically calling off the long-scheduled talks on energy, housing and commercial cooperation. "We are sending them a signal," says the State Department. Nothing could please the public more than taking a swipe at Moscow, and who is to say that the snub isn't justified? But there will always be the lingering suspicion, with affairs in the charge of the supple Mr. Kissinger, that it isn't an election year ploy, another peace-is-at-hand statement.

Working with Congress isn't easy, particularly one controlled by Democrats in an election year, where it is particularly susceptible to the push of minority groups. One thing the State Department wants to avoid is another confrontation over Israel in the UN General Assembly, where much will depend on events in the Middle East and the mood of discontented small countries. Some UN observers place the odds for another showdown as high as two in five, and if it came to a vote, the chances of passage, 50-50. The paroxysm that would follow in the United States might carry us out of the UN—and end it.

This may seem farfetched, but it illustrates why Mr. Kissinger must count his votes, both as regards the Middle East and in other areas. Latin America is one of them. The United States has for years been negotiating a new treaty with Panama over the Canal, but it is being temporarily put aside till after the election. The administration justly believes that present US domination of the Canal Zone can't last, and that some new accommodation must be reached with Gen. Omar Torrijos, the local strong man. Ronald Reagan denounces Kissinger for this: "We bought it, we paid for it, it is sovereign territory and we should keep it," he declares. Reagan's political image is fading fast, but his supporters on the Panama issue in the Senate could block a new treaty.

So this brings up the matter of the "Amphictyonic Conference." It meets June 26 in Panama with the presidents of all the Latin American countries present. It is their Sesquicentennial—the 150th anniversary of Simon Bolivar's call of 1826 for the new Latin American republics to meet at Panama. They are watching the Colossus of the North and solidly support Torrijos and will make their views known. Public opinion plays an increasing part in a world where events of one continent affect another in odd ways and where a savvy foreign minister playing games with Moscow must know where the votes are. Kissinger counts, too, on Egypt in reducing Middle East tension, and thinks that six C-130 transport planes are a small matter compared to getting the Soviet-Egypt treaty abrogated. At the moment things are looking up for the Ford-Kissinger team.

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A Job For Everyone

Hubert Horatio Humphrey and Rep. Augustus Hawkins introduced in Congress last week a Big Bertha of economic theory called the "Full Employment and Balanced Growth Act of 1976." It's a siege gun that will be used to lob criticisms at President Ford during the election campaign. It's rather unwieldly—more an expression of philosophy than a workable law—the kind of bill Ford would veto with a smile. But it is the only comprehensive economic program the Democrats have produced in this recession, and probably the only clear alternative they have to offer to *laissez faire* policies that have created such high levels of unemployment and industrial stagnation. Essentially the bill guarantees every American the right to employment "at fair rates of compensation" and requires the government to reduce unemployment to a rate of three percent or less by 1980. (The rate is now officially 7.6 percent.) As part of this task, the government would also be required to reorder its economic thinking processes. Agencies and departments that now work at cross purposes would be required to coordinate their decisions at least once a year with the economic goals set forth in a central planning document.

The Humphrey-Hawkins bill traces its origin to the Employment Act of 1946, a New Deal-type program that it proposes to strengthen and extend. The 1946 act, written in the aftermath of the Great Depression, created the Council of Economic Advisers and ordered the President to foster "maximum employment" in the US. It was intended to prevent the occurrence of a serious recession like the one we've been living through. But it didn't describe the mechanisms by which full employment would be accomplished, and it did not guarantee every American the *right* to hold a job. The new bill does; not only does the new plan have the same goals as its predecessor, but it has the same father as well—economist Leon Keyserling, former chairman of the Council of Economic Advisers under President Truman. Keyserling argues that the new bill is a logical and long overdue extension of the original act, and an improvement on FDR-Truman economics that timid politicians have resisted for 30 years.

The heart of the Humphrey-Hawkins bill is a plan to reorganize the government's fiscal and monetary procedures. As Keyserling has said, it is an attempt to make federal economic policies more responsive to human needs and less devoted to statistical obsessions such as the

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dream of a perfectly balanced budget. Under the new bill the President would be required to write and submit to Congress each year a "full employment and balanced growth plan" setting numerical targets to be reached in the rates of unemployment, national production and purchasing power. The federal budget and the actions of the Federal Reserve Board would have to be consistent with these goals. Thus all the machinery of the government would be put to work increasing the GNP. In hard times when the economy slips into a recession, the government would be required to step in and exercise special "countercyclical" powers provided by law. The feds would then pour money into state and local agencies, subsidize the hiring of extra employees by private outfits, finance "productive" federal jobs for the unemployed and offer special work projects for youth. A permanent "full employment office" in the Labor Department would at all times help train the unemployed, direct them to jobs in private and public institutions and maintain a "jobs reservoir" for people who couldn't find work elsewhere. Each year Congress would review, revise and pass the President's economic plan. It would become a super budget, a sort of economist's dream equation incorporating all parts of the federal system.

This description of the proposal may seem sketchy, but in fact the bill itself is fairly vague. It is a statement of intent and a list of suggestions, not a final plan. The only ironclad rule Humphrey and Hawkins propose is that from now on every administration should be required to foster growth in the economy. Stagnation such as that induced in the Nixon-Ford regime would be outlawed. In fighting inflation the President would generally be forbidden to cut federal appropriations in "priority areas" listed in the budget. As Keyserling explained in testimony last year: "We have mistaken the whole idea of what a federal budget is for. A federal budget is not primarily to stabilize the economy by being bigger when the economy is loose and smaller when the economy is tight. The federal budget is . . . to allocate to the people the goods and services they need that can't be provided by state and local governments and by private enterprise." The budget would be sacrosanct and relatively unchanged from year to year. Keyserling would fight inflation instead by busting trusts and raising taxes: "We have gone on an orgy of tax reduction beginning in 1964 and we are still on it." He would end the orgy.

Although Keyserling and friends believe the Humphrey-Hawkins bill would not stimulate new inflation, they haven't won the public to their point of view. Indeed, the polls indicate that quite the opposite is true: people fear that increased federal spending will simply increase the size of the government and raise inflation. This is what President Ford has argued for two years, and, like him, most people are inclined to think the government cannot afford a large program to put people back to work. The voters seem willing to accept Ford's advice and wait passively for an improvement in the economy.

The situation cannot remain stagnant much longer, however. Even if Ford wins the election in November, he will find it necessary to take some strong action to reduce unemployment because private enterprise, no matter how healthy it may be next year, simply won't be able to hire all those looking for work unless it gets some support from the government. Already the 26-week limit on payment of unemployment compensation has been extended to 65 weeks. And as *Business Week* observed recently, "By the administration's own calculation, the economy must grow at six percent a year for the next five years in order to produce enough jobs—more than two million a year—to absorb new entrants to the labor force and reemploy those still jobless as a result of the recession. The economy has never grown that fast for that long. . ."

New York & Wisconsin

The Primary Portents

"We have got to win in Wisconsin or our campaign is in trouble." That is Morris Udall's assessment, and he is right. After back-to-back second place finishes in New Hampshire and Massachusetts and the departure of his most credible rival, Birch Bayh, Udall announced he was the consensus progressive—he now rejects the label "liberal"—that he was the only horse to ride.

Then Udall went to ground for a month. Raising money, reshuffling his own campaign leadership and consolidating some of Bayh's support with some added labor backing, Udall has risked a slowed momentum of his own and has watched from the sidelines as the Jimmy Carter steamroller gathers speed, with an eye, all the while, on April 6.

There are two primaries on the first Tuesday in April, Wisconsin—which Udall says is critical and which has traditionally been a liberal Democratic watershed—and New York, where four times as many delegates will be elected. Udall is entered in both, and despite the disparity in delegates, he is dividing his time and money about evenly between the two states, a strategy based on the notion that to get his campaign moving, to assure continued financial solvency and to stop the erosion of liberals, labor and blacks to Jimmy Carter, he must *win* a primary, actually come in first someplace. Since Udall believes—and most observers agree—that Sen. Henry Jackson is unbeatable in New York, Wisconsin has become Udall's Rubicon.

For a time, Wisconsin was dropped from the list of Democratic primaries for 1976. The state's "open-primary" law, which has been on the books since the early 1900s, is in conflict with a national Democratic

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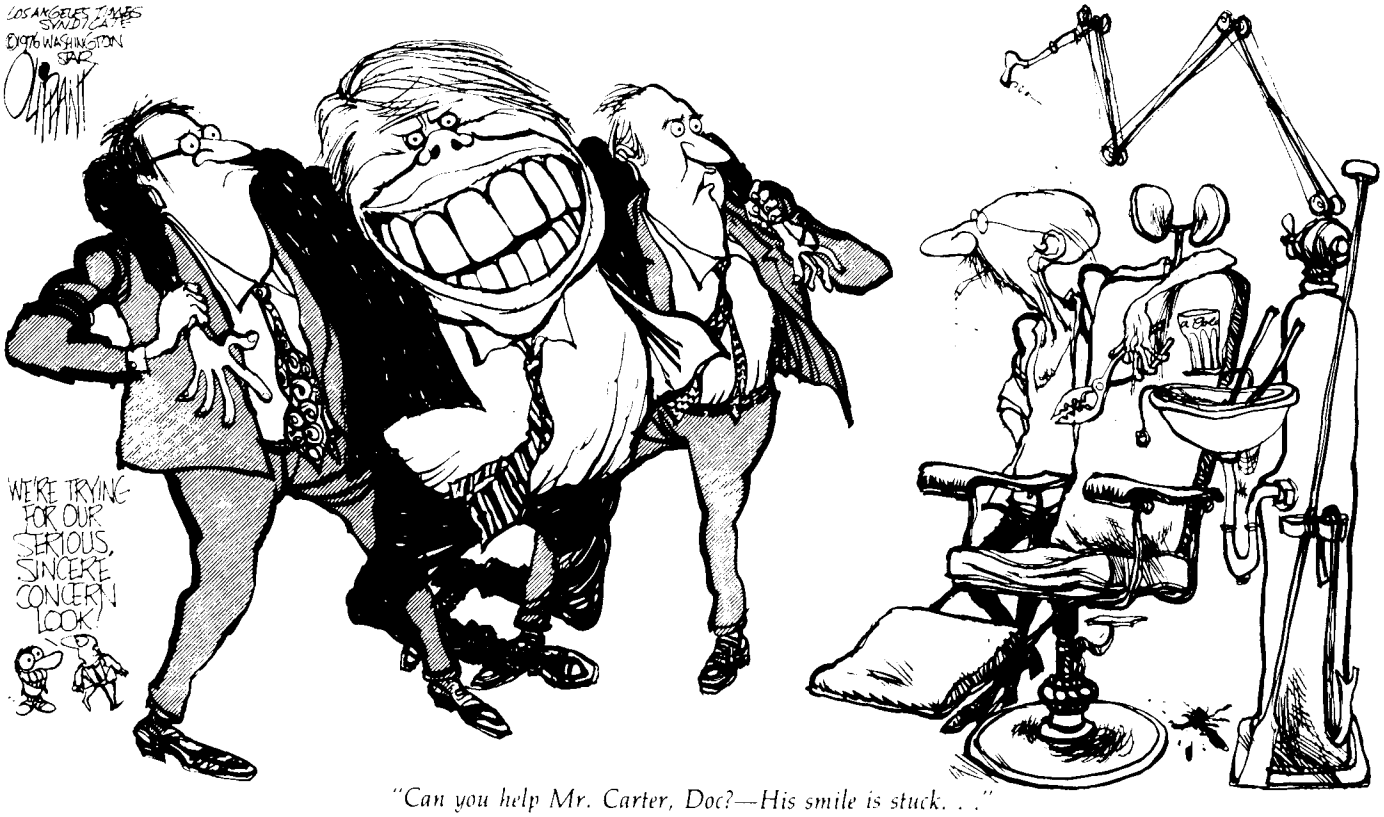
party rule, on the books since 1972. Under the terms of the law any qualified voter may participate in the primary of either party embodying a tradition which dates from the days when Wisconsin native son Robert La Follette's Progressives spurred the adoption of primaries nationwide as a means of opening nominating decisions to broader public influence. The Democratic rules, on the other hand, are founded on the assumption that the most important decision a political party makes—nominating a President—ought to be properly reserved for the members of that party, not open to influence—mischievous or otherwise—by members of the opposition party or adherents of no party at all. In party decisions these days, national rules are supreme and when the Wisconsin legislature refused to change the popular open primary system, the state was advised that its primary results would not count and delegates would have to be chosen in caucuses. After intense lobbying by Gov. Pat Lucey, that decision was reversed earlier this month; Wisconsin will have a primary, open and binding. It was a change that most observers hailed as beneficial to Udall; he maintained an organization in the state through those months when the primary was in doubt, and, with Jackson, Carter, and Wallace as the only other campaigners in Wisconsin, he seems to have the progressive vote to himself for the first time.

But there are some reasons to suspect that Udall's "must win" comment represents an overstatement of what he can reasonably expect to accomplish in Wisconsin. First, although they will not campaign actively in the state, all the other candidates, including some who have withdrawn, are still on the ballot, and, as they always do, each will draw off some votes from the active contenders. The explicit refusal of Fred Harris supporters to get behind Udall in Wisconsin, for example, will assure some liberal slippage. Secondly, of the active contenders Udall is least familiar to the Wisconsin electorate. Wallace and Jackson have run there before and the publicity generated by his early victories has solved Carter's recognition problems. Money can overcome that, and Udall claims to have budgeted $300,000 for Wisconsin. Four years ago, George McGovern spent $700,000 and got 29 percent of the vote.

Most difficult for Udall will be the unpredictability of the crossover vote. Crossovers are always highest when there is no contest in one of the parties. Unless North Carolina Republicans unexpectedly hand President Ford his first defeat, Ronald Reagan will have suffered six straight losses by the time he gets to Wisconsin, where he has not planned an active campaign anyway. With the Ford-Reagan contest all but over, the only game in town will be in the other party and so, as they have in the past, non-Democrats will be an important factor in determining the winner in the Wisconsin primary. In the 1968 Democratic contest between President Lyndon Johnson and Sen. Eugene McCarthy, about one-quarter of the Republicans who voted did so on the Democratic side—heavily for McCarthy. Election analysts estimate that crossover provided McCarthy 26 percent of his total vote and two-thirds of his margin of victory over Johnson. Four years later, Republicans once more weighed in heavily on the Democratic side, in favor of the two Georges, antiwar Sen. George McGovern and



"Can you help Mr. Carter, Doc?—His smile is stuck. . ."

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anti-establishment Gov. George Wallace, who placed first and second. One-third of McGovern's totals—or about 100,000 votes—came from GOP crossovers, and half of Wallace's voters told pollsters that they were not Democrats. Together, the two leaders drew nearly a quarter of a million crossover votes, one-fifth of the total voting in the Democratic primary. Obviously vote shifts of that proportion would be incalculably influential in the April 6 primary.

Some crossover voters are ideological—as the votes for McCarthy in 1968 and McGovern and Wallace in 1972 indicate. But the crossover vote is often candidate-inspired and rather faddish. This year, with no Indochina war to push crossovers to the left edge of the Democratic primary, Wallace will get what ideological vote there is; his goods may be shopworn, but they are well known. And in my view, Jimmy Carter, whose momentum will be spurred by victories in Florida, neighboring Illinois and in all likelihood North Carolina, and who ranks very high among moderate Republicans in surveys this year, will benefit most from the capricious, faddish Wisconsin crossover voter who will be drawn to the Democratic primary by the lack of a serious contest on the Republican side. The size of that vote may well determine the Wisconsin result . . . and Morris Udall's future.

In Udall's other April 6 primary, he stands to reap some benefit from a last-minute, unanticipated change in the election law. In New York, it has traditionally been impossible for delegates to designate a presidential choice on the primary ballot, and, consequently, difficult for voters to make an informed choice. Linking-up delegate slates with presidential candidates is an advertising enterprise that costs every candidate many thousands of dollars; this year, one campaign budgeted $100,000 for that purpose alone. But earlier this month, Gov. Hugh Carey signed a law that permits candidate designations to appear—for this year only and only on the Democratic side. It is a short-run concession to reformers who have been suing the state of New York to obtain this provision, but the change is of major consequence for Udall and probably for Jimmy Carter as well.

First, it permits a hefty savings of the money that was earmarked for advertising and election day paraphernalia to identify delegates to the voters. Secondly, it diminishes the financial advantage enjoyed by Sen. Henry Jackson, the acknowledged front-runner in New York, whose campaign was geared up for the most sophisticated, expensive and carefully targeted program of voter contact and delegate identification ever undertaken in a New York primary. No other campaign will be able to match the financial investment underpinning the Jackson effort, but with voters now able to identify the slates for themselves, the program will be of diminished impact.

The change in the law, along with last minute delegate shifts, challenges and consolidations, has reduced New York to a three-man field. After extensive negotiations, Udall inherited the backbone of Birch Bayh's organization in the state, including many of his delegates and some of his labor support, notably AFSCME's Victor Gotbaum, head of a 130,000 member, Manhattan-based union. Udall is filed in 37 of the state's 39 districts. Jackson has delegates running in 36 districts, having deferred to slates sponsored by the New York Democratic party in some districts in return for organization support in others. Jimmy Carter, the third active, gained some strength when the Fred Harris campaign collapsed in the state, and will be in about 25 districts.

George Wallace tried to run here but faced stiff challenges to his delegate petitions from representatives of the other campaigns, especially from Jackson's organizers who apparently felt they stood to gain the most if the Alabama Governor could be forced off the ballot. Petition requirements in New York are stringent—only registered Democrats may sign, only in the district where they reside and their signatures may appear on only one candidate's petitions. It was apparently a procedure that defied the inexperienced Wallace organizers, and when the challenges were processed and illegal signatures removed, George Wallace all but evaporated from the New York ballot. He managed to get delegates filed in only four districts.

A major though not exclusive factor in Jackson's anticipated New York victory is the size and cohesion of the Jewish vote in the Democratic primaries there. Among the things to note about Jewish voters in New York are that they are numerous, dependable and geographically concentrated. Election experts expect as many as 40 percent of this year's total primary ballots to be cast by Jews. But the percentage might even be higher than that, because in New York, Jews tend to vote in primaries; when turnout falls off—and it is expected to be no more than 25 percent this year—the Jewish vote is affected least and its proportion to the total thereby increases. Also, it is concentrated in about a dozen congressional districts mainly located in the New York City boroughs of Brooklyn, Queens and the Bronx. In a delegate primary of the type conducted in New York, if the Jewish vote is cohesive that concentration will maximize its impact. "In those districts, the Jewish vote will be the difference," says Jackson's New York coordinator Terry O'Connell. Indeed, for his unswerving support of Israel, Sen. Jackson hopes to harvest Jewish support on April 6 and sweep most of the New York City delegates. The Jackson strategy is confirmed by a New York pollster: "In Brooklyn, the Bronx and Queens, Jackson will draw the religious Jews and he'll also get those for whom Israel is the be-all and end-all of their religion." In this regard, it should be noted that while Jackson drew up to 90 percent of the Jewish vote in the Florida primary—and many of those voters were New Yorkers moved

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South—he drew fewer Jewish votes in Massachusetts than did Udall. There, according to the CBS-*New York Times* post-election poll, Jackson got about one-third of the Jewish vote and Udall polled 40 percent. Obviously the Jewish vote in New York is not an entirely cohesive bloc vote, nor are Jews the only reason Jackson is the favorite to win New York. His campaign is better financed by far than any other, he has strong labor backing and a solid base among organization Democrats. In fact Jackson's New York effort resembles his winning effort in Massachusetts.

For the most part, however, the other candidates are all but ceding several downstate districts to Jackson. Both Udall and Carter will run in Manhattan, skip the rest of New York City, and concentrate on suburban Westchester County, Long Island, and upstate. It is a strategy that could bear fruit. New York is a delegate primary and winners and losers will be measured exclusively in terms of delegates won. While 65 percent of the total vote may be cast in the city, about the same proportion of the delegates will be chosen from other parts of the state. Keep that figure in mind. Before he committed himself to a full race in New York, Mo Udall said, "Nobody can beat Scoop Jackson in New York." If anyone comes close on April 6, that and Hugh Carey's new election law will be the reasons.

The results of these two primaries will provide this year's first concrete evidence of the value of momentum and may also indicate whether progressive Democrats are ready to consolidate around Jimmy Carter. Udall has spent much more time in Wisconsin and both Jackson and Udall have invested more in New York than has Carter. But his early primary victories gave Carter a strong boost in the public opinion polls, and if the voters in Wisconsin and New York confirm that trend, political strategists around the country may want to start re-examining the mathematics of a first-ballot nomination.

Ken Bode

On and Off The Arabs' List

by Sol Stern

For years the General Tire and Rubber Co. of Akron, Ohio carried around an albatross known as the "Arab League Boycott of Israel." The company had originally been placed on the Arab blacklist because it held a one-third equity share in an Israeli tire company. Though General Tire and Rubber subsequently sold all its shares in 1963 it still couldn't get off the blacklist, ostensibly because it was honoring a technical services agreement with the Israeli company.

Then sometime in 1970 a man named Louis Lauler approached the top executives of General Tire and Rubber with a way out. Lauler said he represented Triad Financial Establishment, a Lebanese-based conglomerate headed by a Saudi Arabian businessman named Adnan Khashoggi. Triad had wide experience with the intricacies of getting off the blacklist, according to Lauler, and he showed a brochure with the names of other companies it had represented in such matters. Anxious to get into the Arab market, General Tire and Rubber agreed to accept Triad's services and a contract was signed. The fee was $150,000—one-third immediately and the rest to be paid when the company was finally removed from the list.

In 1973 the Arab boycott office in Damascus removed General Tire and Rubber and its subsidiaries from the list. By that time the company had already terminated its contract with the Israelis. Nevertheless company officials thought that Triad had done the trick and the final payment of $100,000 was made to a Triad subsidiary named Perco Est. located in Vaduz, Liechtenstein—a well-known tax haven.

When I asked them to comment about the payment, General Tire and Rubber officials insisted the company had done nothing improper. Vice President and General Counsel Tress Pittenger said: "We paid a fee for professional services to help us get off the list." Asked what services Triad performed, Pittenger said it helped his company in drawing up documents that had to be submitted to the boycott office in Damascus.

Khashoggi and Triad have been characterized in recent news reports in *The New York Times* and *The*

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Washington Post as major conduits for millions of dollars of questionable payments made in bribes paid by American companies to secure contracts in the Arab world. What is revealed here for the first time is that American companies were also paying to get off a boycott list that the Arabs claim is a principled part of their war against Israel. Furthermore, according to General Tire officials, the company was able to write off the full $150,000 as a normal business expense and the IRS allowed the deduction.

In retrospect it is not altogether surprising that the US government considers such a payment to be a proper business expense in the Middle East. Since 1972, by its own diplomatic behavior, the government has demonstrated that in the scramble for Arab petrodollars anything goes.

That signal came as early as June 8, 1974 when Henry Kissinger signed for the United States a far-ranging economic cooperation agreement with Saudi Arabia. The agreement projected how the United States could "be helpful in the realization of Saudi aspirations," and it established a Joint Commission on Economic Cooperation. The government commission has been the major vehicle for channeling billions of dollars of new business into Saudi Arabia. All of it however has been on Saudi Arabia's terms—meaning exclusion of hundreds of blacklisted US companies plus discrimination against American Jews.

Henry Kissinger knows how seriously the Saudis take their anti-Semitism. During Kissinger's very first meeting with the late King Faisal, in November 1973, the Saudi monarch got things started with a lecture on the Jews. As authoritatively described by Kissinger's biographers, Bernard and Marvin Kalb, Kissinger listened in silence as the King described how the Jews had led the 1917 Russian revolution and then set up the expansionist state of Israel. Looking straight at Kissinger, Faisal said that "all over the world [the Jews] were putting themselves into positions of authority." Faisal told Kissinger, according to the Kalbs, "that the Jews were trying to run the world, but that he would stop them with his oil weapon."

Faisal at least tried to be as good as his word. The agreements his ministers signed with the United States note that the joint programs will be "sensitive to the social, cultural, political and religious contexts of Saudi Arabia." Nothing in the agreements, however, indicates that the United States insisted on any relaxation of the boycott against US companies or of Saudi Arabia's discrimination against American Jews. When I raised the question of Saudi Arabia's exclusion of Jews with Jackson Hearn, a Commerce Department official who works on the Joint US-Saudi Commission, he shrugged and said: "It's not just Jews. The Saudis do not permit Communists and atheists either."

As to the boycott, though a federal statute states that it is US policy to oppose boycotts against friendly countries, the administration has made it abundantly clear that the *Arab* boycott is just one of those annoyances that must be put up with for the greater good of US foreign and economic policy. In testimony before a congressional committee last December, Under Secretary of Commerce James A. Baker said that while the administration is concerned about the restrictive trade practices imposed on US companies by the boycott, that had to be balanced by the need to support "legitimate US interests in the Middle East."

The interests on the economic side, according to Baker, are these: US exports to the Arab countries are expected to reach $10 billion by 1980 and each billion of that total represents 40,000 to 70,000 jobs for American workers. Thus, said Baker, the administration opposes all attempts to legislate against compliance with the boycott because it ". . . could result in the loss of significant trade opportunities by US interests and business concerns."

American businessmen understand the priorities. Consider the following transaction recently concluded between a Connecticut manufacturer and two businessmen in Kuwait. Several months ago the Kuwaitis ordered $4470 worth of household tools from The Stanley Works in New Britain. To finance the deal the customers opened a line of credit with The Commercial Bank of Kuwait—a correspondent of New York's Chemical Bank. The Chemical Bank in turn issued a standard letter of credit to The Stanley Works which included the following "special instructions":

> *Documents must include your certification stating that the producing company or the company exporting the goods is not a company boycotted by the Ministry of Customs and Ports, Israel Boycott Office, State of Kuwait, and that it is not in any way affiliated to any such company.*

A declaration in exactly the above language was made by The Stanley Works on its invoice. The export documents were delivered to the Chemical Bank's International Department, where a clerk checked them off against the requirements of the letter of credit. The Stanley Works then received payment, and the goods were shipped to Kuwait, concluding what a spokesman for the Chemical Bank called a "routine clerical transaction."

Now it is a matter of public record that Kuwait's blacklist consists of some 1500 American companies, individuals and organizations—including such household names RCA, Ford, Xerox, and Coca-Cola. Thus when The Stanley Works as a condition of sale attested that it was not "in any way affiliated to any such company," it was surrendering to a most sweeping restraint of trade.

Why should a 100-year old firm, with 11,000 employees and annual sales of around $500 million succumb so easily? Representatives of The Stanley Works refuse to answer that question but it is no secret

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that what is at stake generally for American companies is an Arab export market that totaled $5 billion last year and is expanding. Encouraged by their government, almost all American firms are indeed "routinely" complying with any boycott declarations requested of them by their Arab customers—whether what is being sold is jet fighter planes or household tools. The boycott requirements are so pervasive that a businessman selling 100 crates of popcorn to a customer in Libya has to declare that he has "no direct or indirect contact with Israel and would act on the grounds and regulations of the Arab boycott of Israel."

Without even blinking the banks are now processing thousands of export documents with declarations such as these. Yet at a recent New York State Assembly subcommittee hearing on the boycott, representatives of all the major banks insisted they were doing nothing improper or unethical. All cited recent statements by Ford administration officials in support of their position.

The Arabs themselves make it all sound even more innocent. They tell Americans not to worry about a boycott that does not discriminate against anyone on ethnic or religious grounds. The boycott, according to official Arab statements, is nothing but a legitimate act of self-defense against Israel.

The issue, however, is not whether the Arabs have the right to boycott Israel but whether US institutions and companies are forced to abandon their own principles and laws. Conceivably a boycott against Israel might be carried out so scrupulously that American Jews and other innocent parties were not also hurt. The trouble with this particular boycott, though, is that it has never been very scrupulous about anything. And what is worst of all is that those few American firms that take American principles seriously and refuse to knuckle under are then discriminated against as part of a process abetted by the US government itself.

The Damascus boycott office is supposed to carry out the decisions of a boycott council consisting of one representative for each of the 20 Arab League states. The council meets twice a year to consider adding or removing firms from the blacklist and also to amend the boycott regulations. Included among the dozens of "violations" that could get a firm or individual blacklisted are the following: establishing plants in Israel; granting licenses to Israeli companies; holding shares in Israeli companies. Also in hot water are navigation companies that transport Jewish immigrants to Israeli and foreign banks that grant loans to Israeli companies. The criteria are so elastic that Mohammed Mahgoub, the boycott office's Commissioner General for more than a decade, once said: "The boycott includes companies when it is proven by definite evidence that they, their proprietors or controllers have Zionist inclinations."

It is questionable whether the boycott officials go about collecting any evidence at all. The council meetings are star chamber proceedings. Companies are never informed that they are being considered for the blacklist; they have no opportunity to be present, nor are they afforded due process. Blacklisted companies often find out only by word of mouth or through a self-serving press release issued by the Damascus office.

The boycott office has never officially released its boycott list but a Lebanese publisher named Victor Bendaly supplements his income by selling a version of the list. The Senate subcommittee on multinational corporations has released a 1972 Saudi Arabian copy. Those lists are striking illustrations of how arbitrary and venal the whole operation is. Phil Silvers, Shelley Winters and Isaac Stern are on one of the lists. The Shalom Aleichem Folk Institute, a network of Yiddish schools in New York, and Yeshiva University are on another, apparently for "material contributions" to Israel. But the General Electric Company, which sells Israel jet engines for its fighter planes, is not on any list—obviously because the Arabs want jet engines too. On the other hand the Arabs found the Topps Chewing Gum Company to be a menace because it licensed an Israeli factory to produce "Bazooka" bubble gum.

Apart from the vagaries of the Arab League blacklist, each Arab country has its own boycott office and is entitled to undo or add to what has been done in Damascus. Therefore there are 20 Arab boycotts, and the disparities are striking.

Saudi Arabia and the Persian Gulf sheikdoms have added their own historical anti-Jewish bias to the general boycott requirements. Companies working on contract in Saudi Arabia are told not to bring in either Jewish personnel or products made by Jewish firms. Algeria, on the other hand, despite its militant rhetoric on the Arab-Israeli conflict, is quite pragmatic when it comes to trade and has just quietly signed major contracts with two prominently blacklisted firms. Though on the blacklist, the Ford Motor Company sold trucks to the Jordanian army.

The one experience common to blacklisted firms is contact with those Arab "agents" offering their good services. An official of the Monsanto Company, blacklisted in 1966, says: "There have been no end of agents coming to us and offering to get us off the list for a fee. We decided we just weren't going to pay *baksheesh*." *Fortune* magazine tells the story of how the Bulova Watch Company hired a Syrian lawyer and paid him a retainer to get them off the blacklist, only to discover soon after that their agent had apparently emerged on the wrong side of the Syrian regime and was hanged in the Damascus square.

Often American companies are squeezed simply because of inter-Arab rivalries or the vested interests of the bureaucrats in Damascus. That seems to have been behind the attempt of the boycott office to muscle the Chase Manhattan Bank in the '60s.

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Chase Manhattan had been Israel's chief fiscal agent in the United States since the founding of the state—meaning that it handled Israel's bond issues. The Arabs knew that and also knew it to be a direct violation of their boycott principles. Nevertheless, Chase was never bothered—probably because of its role in the Arab world, and its oil company connections.

Then in July 1964, the boycott office suddenly issued a press release in Damascus announcing that Chase had been blacklisted for violating the rules of the Arab boycott—the charge was that the bank was "chief fiscal agent for Israel." Commissioner General Mahgoub gave the Arab countries six months to settle their accounts with the bank. Shortly thereafter, as if to reinforce the seriousness of the action, the Syrian government issued instructions for all banks operating in the country to begin liquidating their transactions with Chase Manhattan.

Mahgoub kept the pot boiling with another announcement from Damascus that Kuwait was calling off plans to deposit $200 million with Chase. In New York, however, the representatives of Kuwait denied any knowledge of the proposed $200 million deposit. *The NY Times* quoted banking sources suggesting that Mahgoub was pressuring Chase to break with Israel with the proposed $200 million as "compensation."

Chase was not about to be bribed but it was concerned enough to undertake a diplomatic campaign at the highest levels to "persuade" the Arabs to take the bank off the list. John J. McCloy, the man Richard Rovere once called the "Chairman of the American Establishment" and who was then a Chase director personally took the issue up in Cairo with President Nasser. A Chase Vice President was dispatched to Jordan where US Ambassador Robert Barnes introduced him to the Jordanian representative on the boycott council. The approach used, according to Barnes, was that "it was counterproductive for the Arabs to try to boycott banks since you can't follow money." A similar approach was used with the Lebanese representative to the boycott council. Chase also submitted documents to the boycott office denying it had violated the boycott rules.

The attempt to pressure Chase was led by Syria with Mahgoub's support. Chase, however, was using its own leverage with the more moderate Arab states, such as Egypt. The Egyptians had a $10 million outstanding loan from Chase and were looking for more—so they were willing to help. The strategy worked. After the next meeting of the boycott council, in January 1965, Mahgoub was forced to back off and announced that the action against Chase Manhattan had been suspended because of the "certified documents" submitted by the bank. If the Commissioner General was disappointed, however, there is always new business for blacklisters. A few weeks after the Chase affair Mahgoub called another press conference to announce that Sophia Loren was banned throughout the Arab world for appearing in a movie about Israel.

Whatever was said in the documents submitted by Chase (no one at the bank today seems to know), the fact is that the bank continues to handle Israel's bond issues, still a violation of section 18b of the boycott rules. On the other hand the bank is even more massively involved in the Arab world today, handling $1 billion in overnight deposits for the Saudi Arabian Monetary Agency and a $200 million real estate portfolio for Kuwait. And the Arabs keep reminding Chase that they are watching its behavior.

Thus shortly after Chase Chairman David Rockefeller made a Middle East trip last year Kuwaiti officials announced that they were taking steps to put Chase on the blacklist again. What had apparently angered the Kuwaitis was some chance remarks Rockefeller made in Jerusalem praising Israel for the way it maintained the city. Chase was concerned enough to have a vice president stop off in Kuwait to explain things, and eventually the Kuwaitis cooled off. In fact, as David Rockefeller himself subsequently acknowledged, it is highly unlikely that the Arabs would do anything quite so drastic. The Arab interest in an institution as powerful as Chase is now much more along political lines. Ultimately it is the knowledge that they too "have a friend at the Chase" that accounts for the willingness of the Arabs to wink at the bank's continuing violation of their boycott rules.

For its part Chase Manhattan is forever saying it has no politics, that it only wants to do business. But the record is that Chase officials have intervened politically for the Arabs. In 1968 David Rockefeller and John J. McCloy, along with several prominent oilmen, met with President-elect Nixon to urge on him a Mideast policy more friendly to the Arabs. During the 1973 war McCloy urged the Nixon administration not to ship arms to Israel. Last year, shortly after the breakdown of the negotiations for an interim agreement between Israel and Egypt, David Rockefeller was part of a delegation of Establishment "wise men" who met with Henry Kissinger and offered support for Kissinger's criticism of Israeli "intransigence."

One American company that took a clear cut no-nonsense line with the boycott was RCA, which was blacklisted in 1966 for granting a license to an Israeli record company to use the RCA label. Until that time RCA had been doing about $10 million annually in sales to the Arab world. As a result of the blacklisting it lost over 90 percent of that business. Furthermore RCA has been routinely cut out of contracts by other companies trying to observe the boycott rules. And when the US government channels business into Saudi Arabia RCA is automatically excluded.

The licensing arrangement in Israel was not much of an offense—at least not compared to handling Israeli bonds—and it is clear that RCA could have maneuvered

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its way off the list, just as Chase Manhattan and General Tire and Rubber did. But RCA officials have consistently refused to deal, though they too have been contacted by "agents" offering to intercede with the boycott office—for a fee. RCA's International Vice President, Eugene P. Seculow says: "Our position has been very simple. We believe in free trade and we are attempting to do business everywhere in the world where it is not against US laws. But we won't comply in any way with the boycott or try to negotiate our way off the list." Seculow called the boycott "capricious and insidious" in its effects on the US business community.

A more sanguine view of the boycott is offered by Robert Barnes, the ex-U S ambassador who helped Chase Manhattan get off the list: "There are quiet ways to handle these things"—one way being a "contribution" in the form of an investment of development capital in an Arab country. That is how the Ford Motor Company is now trying to do it. It has been negotiating with the Egyptian government for over a year to get off the list through a proposed joint venture to build a $150 million assembly plant in Egypt. Coca-Cola and Xerox are reported to be involved in similar negotiations—all with the blessings of the US government.

One direct way out of the whole morass would be to make compliance with the boycott illegal for all American companies. At least a half dozen anti-boycott bills are now under consideration, the most far-reaching of which was introduced in the House by Elizabeth Holtzman (D, NY) and Peter Rodino (D, NJ) along with 60 co-sponsors. It would prohibit participation in the secondary aspects of the Arab boycott by American firms and provide stiff civil and criminal penalties. On the face of it support for such legislation appears strong. Newspaper editorials have been almost unanimous in attacking an operation that by its very nature runs counter to American principles of freedom of trade. The boycott hardly has a political constituency willing to make a case for it openly.

Furthermore, the anti-boycott position is already mandated as official US policy. The Export Administration Act of 1969 states that "it is the policy of the United States (A) to oppose . . . boycotts fostered or imposed by foreign countries against other countries friendly to the United States, (B) to encourage and request domestic concerns . . . to refuse to take any action, including the furnishing of information or the signing of agreements . . ." that has the effect of furthering those boycotts. The proposed new legislation puts teeth into what all concede to be US policy.

What the anti-boycott forces have been up against however is an administration determined to pursue its Mideast policies without having to confront the Arabs in any way over the moral issues raised by the blacklist. Indeed, until very recently it was the policy of the Commerce Department to circulate to US firms commercial tenders containing boycott requirements. One such tender required American companies bidding on a contract to supply pre-fabricated buildings to certify that the materials were not manufactured "by any companies boycotted officially by the Iraqi Government." The US was thus facilitating not only the boycott of Israel but restraint of trade against other American companies.

The Anti-Defamation League went to court last year to get Commerce enjoined from further distribution of the tenders. The government backed off and agreed to end the practice, thus conceding one small victory to the anti-boycott forces. But an internal Commerce memo at the time throws some light on the administration's broader strategy in the fight. Dated August 11, 1975, the memorandum was written by Peter Hale, Director of the Commerce Action Group for the Middle East. Hale pointed out that the State Department was already disturbed by the Commerce Department's policy of disseminating the tenders "in view of the consideration being given by Congress to more restrictive legislation against the boycott." Hale went on to report that the State Department ". . . may press for some change in our practice . . . as a further effort to head off damaging legislation."

Aside from occasional gestures there have been only two moves by the federal government to deal with the boycott directly. One action came when, after an independent investigation, the Justice Department concluded that the secondary aspects of the boycott involved serious violations of US antitrust laws. Before the Justice Department went ahead with a planned landmark suit against the Bechtel Corporation, however, the State Department was allowed to present its views on the possible foreign policy implications of the case. Henry Kissinger was so concerned that he personally cabled Attorney General Levi from China, during the President's trip there last November. According to a highly placed State Department source, Kissinger's worry was that the antitrust action "could be seen by the Arabs as a deliberate US government decision to act against their policy. Thus it could have had an adverse effect on the peace-making process."

Levi held his ground, however, and the suit was filed on January 16. It charged that Bechtel, one of the biggest prime contractors doing business with the Arab world, was refusing to deal with Arab blacklisted US subcontractors and for this purpose the company maintained a boycott list. Bechtel's initial response did not deny compliance with boycott requirements but said the suit was "unwarranted" in that the boycott was not illegal under US law.

In one more attempt by an independent agency to go beyond previous administration policy, Federal Reserve Board Chairman Arthur Burns last December sent out a letter to all member banks warning them about the practice of issuing letters of credit containing boycott provisions. Such participation in the boycott, even

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"passively," was "in the board's view, a misuse of the privileges and benefits conferred upon the banking community."

Banking circles considered the warning practically a mandate from the agency they regard as their regulator. At least one major bank, the Chemical, put a moratorium on issuing letters of credit involving boycott conditions. It was clear that if the ruling stood the whole pattern of boycott conditioned trade with the Arab countries would be disrupted.

The banks were in a state of consternation and so was the State Department, the Commerce Department and the Treasury Department. All made strong representations to the Federal Reserve Board asking for what one bank official called a "liberalization" of Burns' ruling. Bowing to the pressure Chairman Burns issued a new clarifying letter in January. The key words were that the previous letter "was not intended to create a new legal obligations for banks." The new letter also said that primary responsibility for implementing and enforcing US policy on the boycott rested with the Department of Commerce. The banks uttered a collective sigh of relief and went back to issuing their letters of credit. They already knew how the Commerce Department enforces US policy.

In all fairness the responsibility should not be borne by the Commerce Department alone. Peter Hale, the Commerce Department's boycott man says: "Basically US policy on the boycott falls under the umbrella of Henry Kissinger. It is a question of US foreign policy." As presented by a high department official in a recent background briefing, here then is the State Department's view of why there should be no confrontations with the Arabs over the boycott: "The US has a major interest in preserving the peace in the Middle East," said the official. "It is our overriding political concern. But it takes two sides to make peace and the Arabs ar. at least 50 percent. To play a role we must be seen by the Arabs as at least aware of their problems—at least reasonably sympathetic. They want to be seen as people who have a just cause." The official went on to say that the Arabs have reason to believe that the boycott prevents Israel from getting stronger, that there is a consensus among them on this and they can't be talked out of it. The department is aware of the boycott, it is opposed to it and it urges companies not to abide by it. But, said the official, "the only effective way to reduce the boycott and ultimately eliminate it is to solve the Arab-Israeli conflict."

In other words, until US diplomacy succeeds in bringing the millenium to the Middle East, Americans will just have to put up with political and economic blackmail. It is clear that whether it is in the form of "agents' fees" or increased "capital development" or just plain political kowtowing, the major function of the Arab boycott is to exact tribute. And as long as a blacklist of American companies is accepted as a routine part of doing business in the Middle East, there will be no end to the threats and intimidation. That prospect is morally compounded by the government's double-talk about opposing boycotts.

The Justice Department's suit against the Bechtel Corporation, if pursued to a successful conclusion, could do something to restore the balance—despite the State Department. But that is likely to involve years of litigation. In the meantime the ball is now with Congress, where support for anti-boycott legislation is on the rise. Making it illegal for American companies to comply with the boycott might force Henry Kissinger, despite himself, to say something about American principles the next time he sits down with a prince from Saudi Arabia.

Rationalizing the Past, Savoring the Future

Smug Russians

by Adam B. Ulam

No other congress of the Communist party, and for my sins I have studied the proceedings of all of them, could approach the one that just concluded in the display of smugness and self-satisfaction by the leadership. "Before our very eyes the world is changing for better," said Brezhnev. And those for whom the message was really intended, not the 5000 delegates, but the 400-500 among them who are the leading party, state, security and military bureaucrats, undoubtedly completed this sentence to themselves, "for us." The mood might

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appear incomprehensible to the average Western newspaper reader whom various pundits have been enlightening about the troubles of Soviet society and the Communist world. Hasn't the USSR just had the most disastrous harvest in more than a decade? Hasn't the rate of Russia's industrial growth been declining? How about the incalculable harm done to the Soviet system in world public opinion by the persecution of dissenting intellectuals, expulsion of Solzhenitsyn, chicanery toward the Jews, etc.? And how about, as some experts have solemnly pointed out, those widening fissures in international communism? Surely Brezhnev and company must have been deeply disturbed by the proclamation of the French and Italian Communists that they would pursue their own paths to socialism, and that not dictatorship of the proletariat, but democracy based on social justice is their goal.

Humorless though they are, and always careful lest their smugness turn to complacency, the Soviet leaders probably laugh when they read such analyses by Western sages and politicians. Admittedly the record of the Soviet economy since the 24th Congress in 1971 has been far from brilliant. Twice the country, which before World War I was the leading agricultural exporter in the world, had to resort to massive purchases of grain in the West to avoid serious food shortages. The indices of industrial growth, while still respectable, lag considerably behind those of the 1950s and the projections of a few years ago. The quality of consumers' goods is still shoddy, not only in comparison with the West, but even when measured by the standards of some other Communist countries.

Yet, many years ago, the Soviet leaders made a discovery which though kept secret out of respect for the memory of Dr. Karl Marx has in fact been their guiding principle: in *Communist* societies, the *political* factors are of decisive importance, and economics is secondary. In fact the acquiescence of the people in a low standard of living, and the ability to procure advantageous terms in international trade are the function of the politico-military strength of the system, rather than vice-versa. To be sure, no present Soviet regime could survive a situation like that in 1932-1933 when four to five million people starved while the state exported a million and a half tons of grain to secure foreign currency for industrialization. But Brezhnev's Russia is infinitely stronger than Stalin's was. It is not only the recession that makes the West sell grain to the Soviet Union below the world market prices and allows the Soviets to acquire the most advanced industrial equipment and technology on long-term credits. It is also a desire to propitiate the giant. And so, troubled as they are by certain features of their country's economic performance, the Soviet leaders, more than ever before, are confident that many of the economic difficulties will be resolved simply by the Soviet Union's increasing power in world affairs and the continuing cohesion of the political system at home.

It is on the latter count that an outside observer may express some cautious reservations. There is no question that Brezhnev and company feel proud of their record in managing party and domestic politics. The Communist party they inherited in 1964 had been weakened and demoralized by the traumatic shock of the "revelations" about Stalin, and by Khrushchev's constant improvisations, as well as by what might be called his populistic style of leadership. There are quantitatively minuscule, but from the bureaucrat's point of view, alarming rumblings of discontent among the intelligentsia, scandalous liberties being taken by some artists and writers, hints of political dissent among the young and the non-Russian nationalities. Judging by the speeches at the 25th Congress, the ruling elite is convinced that all such hideous dangers lie in the past. Khrushchev's garrulousness about Stalin and Stalinism having been one of his most unsettling attributes, his successors have adopted and enforced what they believe is a masterful policy of silence on the subject. In dealing with dissent they have employed what by their lights has been not only an effective, but a humane policy of selective rather than mass repression. The noisiest and best known troublemakers have been shipped out of the Fatherland of Socialism; the less conspicuous ones quietly incarcerated in camps and mental institutions. The success of this policy has been judged so great that at this Congress, unlike the 23rd and 24th, it was not thought even necessary to expatiate on the subject or to threaten those who, whether in literature, the arts or whatever, might be tempted to stray from the straight but broad and varied path of Marxism-Leninism and the "party spirit."

The nationality problem, on the contrary, remains a source of concern, with almost half of the population of the USSR now being non-Russian. But even here the regime feels it has done some good work: those of its proconsuls, who like Shelest in the Ukraine appeared less than totally vigilant in curbing local nationalism, have bitten the dust. As to the educational effect of such examples, one might refer to the speech of the head of the Armenian party. He reminded the delegates that soon his country would celebrate the 150th anniversary of the day "when in the fulfillment of the dreams of the Armenian nation" it was annexed to Russia. This happy event, he went on, disregarding the official view of Soviet historiography that *pre-1917* expansion of Russia was imperialist in character, gave rise to a popular saying, still allegedly oft-quoted in his country, "blessed be the sacred hour when the Russians stepped onto the soil of Armenia." It is not accidental, as the Soviets say, that the most elaborate flattery of Brezhnev came from heads of the non-Russian parties,

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a reflection of a quite justifiable feeling that their position as a rule is more vulnerable than that of their Russian colleagues.

To be sure the Congress saw the flowering of the quite considerable personality cult of Leonid Ilyich Brezhnev. The vast assembly hall resounded to his praise in terms surpassing anything said about Khrushchev at the height of his power, and at times *almost* reminiscent of the style in which subordinates grovelled before Stalin. But here precisely we come to what is the sole comic relief in the proceedings. In searching for suitable characterizations of Leonid Brezhnev, the dullest-witted delegate realized that he must not use those applied in the past to *that man* whose name nobody would mention, but the memory of whom is still indelibly imprinted on every Soviet citizen's mind. Thus how can one hail Comrade Brezhnev as the leader of the party and the nation if the Russian word for leader, "Vozhd," automatically evokes the name that still sends shivers of fear through so many? This difficulty was ingeniously surmounted by using the English "leader" that came into Russian usage in this century, at first in connection with sports, though it still sounds a bit alien to a native's ear. How to describe Brezhnev's historic stature? Stalin was hailed as the "greatest genius of mankind"; better forget about "genius" and "mankind." And thus several satraps intoned praise of L.I. Brezhnev as "the most outstanding statesman of the modern era," the man who, as the Georgian party's secretary further specified, "serves as a model to all of us . . . teaches us to think and work in the Leninist way . . . is endowed with supreme competence, the gift of precision, humanity, loyalty, idealism . . . The ability to look into a man's heart."

Such panegyrics clearly reflect Brezhnev's greatly enhanced power. Even if Brezhnev is in bad health, as insistently rumored in the West, his colleagues on the Central Committee must feel that he still can do a lot for, or to, them; otherwise they would not submit his applauded "modesty" to such strains.

The General Secretary's new stature proceeds not only from his having reduced his erstwhile two partners, Kosygin and Podgorny, to a clearly inferior status, and his elimination of a would-be rival, Shelepin, but also from a deserved acknowledgment that Soviet foreign policy, which in the last four years has been under his personal direction, has scored brilliant successes. Eschewing Khrushchev's pyrotechnics and attuning his moves to what is seen in the Kremlin as America's growing unwillingness and Western Europe's inability to influence the course of international events, the Soviet Union has under Brezhnev achieved—it would be both dangerous and ungracious for us to deny it—the leading, if not yet the dominant position in world politics. As the delegate of the Philippine Communist party put it, perhaps with greater frankness than his hosts might have wished, "the confrontation of socialism with imperialism in Indochina has demonstrated that *with the help of the USSR* one can achieve national liberation without threatening either world peace or détente." And as a confirmation of that conclusion he adduced the more recent example of Angola. Indeed Angola was on the lips of practically every foreign guest to the Congress, and the representative of the victorious faction there (significantly identified as a member of the ruling party's Politburo) acknowledged "the selfless help of the USSR" as well as "the courageous practical activities of our Cuban brothers" as a main factor in its success. Here then the Soviet leaders obviously feel is another creative innovation of Brezhnev in foreign policy: Communist Cuba is finally beginning to justify all that Russian investment in Castro during the past 15 years. Cuban soldiers (and it is significant that it is no longer felt necessary to call them "volunteers," as was the case of the Chinese in Korea in the '50s) now act as the Soviet Union's foreign legion, today capable of resolving the course of any internal conflict in Africa, and tomorrow who knows, perhaps in other parts of the world. Angola and Vietnam, where as Brezhnev noted the victory of Hanoi "has opened new horizons before all of Southeastern Asia," has naturally whetted the appetite of what might be called the supplicant foreign parties. Said the representative of North Korea, "We hope the USSR will help to unite our country."

Ah yes, détente. The Soviet concept of international agreements—a sensible one in this world of ours—is that their meaning changes according to the politico-military circumstances of the moment. It is not, as some American politicians proclaim, that the Soviets are insincere and untrustworthy. On the contrary, they can be trusted to act, and sincerely so, in accordance with what they perceive to be the realities of the world situation. There is no question that in 1972 the Soviets interpreted détente as meaning that in exchange for the US recognizing the status quo in Central and Eastern Europe, they would observe restraint in their foreign policy, help the US save face in Vietnam, urge moderation on their clients in the Near East, etc. How, the most prudent members of the Politburo would ask, could *they* be held responsible for the fact that in the wake of Watergate, American foreign policy has been stricken with a paralysis, that Western Europe has been thrown into a crisis, and hence the Soviet Union has been presented with opportunities that it would be sinful not to exploit? Hence détente, which in 1972 meant a *quid pro quo*, is as of 1976 thought of more as a kind of soporific drug administered to the West while it goes through internal political convulsions and the economic crisis that according to Brezhnev has reached the proportions of the one in the '30s. Should the "objective conditions" change again, there would undoubtedly be a new meaning attached to détente.

The Soviets as never before are attuned to the

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developments in the American political landscape. Thus the extreme sensitivity of the Near Eastern issue in this presidential election year was obliquely recognized by Brezhnev's restrained language in relation to this area. Unlike the two previous Congresses, there was no menacing rhetoric about Israel, and more emphasis than before on the Soviet readiness to assist in a peaceful solution: "Stable peace in the Near East requires a guarantee of security and of the right to independence and sovereignty of all countries of the region," a guarantee which he declared the Soviet Union was ready to underwrite along with the US and other powers. There was only a fleeting reference to the PLO, "the friendly contacts which have become strengthened over the years."

But as against this restraint the leaders showed less inhibition in discussing other areas where the concern of the American electorate is less intense. Brezhnev nudged ever so slightly the problem of West Berlin. Today, he said, West Berlin is a haven of peace, but some parties, which he did not identify, are trying to stir up trouble there. And so, "we shall insist on the strict and complete adherence to the agreement on Berlin."

The 25th Congress exuded Soviet self-assurance *vis-à-vis* China, to a degree even more pronounced than regarding the West. This self-assurance was combined, and this is rather new, with a certain verbal aggressiveness toward the country referred to until 1959 as the Great People's Republic, even during the previous phases of the dispute as still the Chinese People's Republic, but which now was curtly described as just "China." Hitherto, since the replacement of Khrushchev, the Soviet public attitude toward Mao's realm has been one of almost injured innocence, of sorrowful regret and reiterated hope that the Chinese Communists would come to see the groundlessness of all those mean things they have been saying about the Soviet Union. Now the refrain was given by Brezhnev: "We shall persist in a fundamental and uncompromising struggle against Maoism." Taking up this clue, other notables, including foreigners, denounced Peking as having established a common front with "the Chilean fascists and the South African racists." The most ominous hint, and it could not have been accidental, was dropped by the head of the Kirghiz party who expatiated on the sufferings and threatened extinction of the 50 million-strong Turkic minorities in China whose main sin lies in "their deep sympathy toward the USSR and the Soviet republics of Central Asia where the nationality problem has been solved in a brilliant way which should be a model for all countries, large and small."

Such language, more menacing than anything previously said about China from the tribune of a Party Congress, probably does not presage any Soviet action against its neighbor. But it must reflect the conviction that with the Mao era drawing to its close, the USSR would soon be able to exact a more respectful attitude toward it by Peking, or perhaps even that in the ensuing turmoil and the struggle for succession the Soviet Union would be able to play off one faction against another.

Concerning the international Communist movement, the Soviets do not seem unduly perturbed by the new language employed by their Italian and French comrades. In fact, Brezhnev obliquely endorsed the main drift of their tactics by drawing attention to *"the growth of influence of the Communist parties in the capitalist world"* and calling for the *"extension of [their] links with progressive non-Communist parties"* (both phrases italicized in the original speech). It must be added that the speeches of the Italian and French representatives, granted that some of the most sensitive language might have been softened in the Soviet press' rendition, could by no stretch of imagination be described as a declaration of complete independence from Moscow. In fact they sounded more like pleading with their Soviet colleagues to understand the necessity and the advantages of the West European Communists' new ideological stand. But then the Kremlin, though still inordinately suspicious, has become quite sophisticated when it comes not only to tactical but ideological flexibility on the part of foreign Communists. It is clearly in line with the Soviet interest that the Indian representative should declare his party's enthusiastic support of Indira Gandhi's emergency measures, as contributing to the growth of democracy in India (!), and that the Philippine Communists should for the moment abandon their opposition to President Marcos, in exchange for his agreeing to legalize their party.

Such, then, in brief is the balance sheet presented by the Soviet leadership of their stewardship of their own country and of the international Communist movement during the past five years. Concerning the future, the present team displayed signs of quiet confidence. With the West in disarray and a crisis of will, with China undergoing turbulence—about the nature and dimensions of which the Soviets might well know more than we do—there is no reason for Brezhnev and his putative successors to doubt that the next congress in 1980-81 will see them in an even more advantageous, if not clearly dominant position in world politics. And the present leaders firmly believe that the key to survival and cohesion of the Communist system in its present authoritarian mold lies in the growing strength and prestige of the Soviet Union in the world arena. They may of course be proven wrong. But it would be fatuous for anyone in the West to expect internal liberalization in the Soviet Union, or a genuine relaxation of international tension, as long as the condition of the *non*-Communist world continues to confirm Soviet Communism's self-image as the wave of the future.

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Revolution On Wall Street

by Robert Stuart Nathan

In Wall Street's current wave of higher prices and booming volume, normally seen in every election year, a bubbling undercurrent of securities market reform goes virtually unnoticed. Ostensibly sophisticated Americans, including many who own common stocks, have only the vaguest understanding of the arcane dealings on the New York Stock Exchange floor. Even fewer understand how business is transacted "upstairs," on the private trading floors of brokerage houses.

On The Street itself only knowledgeable brokers and industry leaders fully comprehend, or like to admit, how radically the market is changing and, as the result of a tougher Securities and Exchange Commission and increased competition mandated by Congress, how elaborately the industry will be restructured over the next 10 years. Yet earthshaking as the coming transformation may seem it will pass in the history of finance as a mere tremor—unless those with access to the political process decide otherwise. If not, an unprecedented opportunity to civilize the American money industries will be lost.

The rallying issue for Wall Street critics has been competition, a fact of life in a few scattered industries but for nearly 200 years virtually absent on Wall Street, particularly at the NYSE, called by its members "the Club" and described by one veteran market observer recently as "the United States' only legal privately regulated cartel." A disinterested glance at the securities industry would make one suspect that Wall Street invented the concept of monopoly. Until recently, for example, the NYSE required its members to charge fixed minimum commission rates for the sale and purchase of stock. So that its members' income would be relatively stable, guaranteed and hefty, the exchange limited access to the Club. A seat on the floor of the NYSE goes nowadays for around $100,000, and the number of seats is fixed at 1366. Moreover, by defining itself as the primary marketplace for the trading of securities, and by circumscribing the ability of nonmembers to make markets in its listed stocks, the exchange has been able to maintain autonomy without a single threatening challenge. Now, however, not only is the exchange confronting an attack on its privileged position, the entire industry is reeling from the most sustained attention it has gotten from Congress since the Securities Exchange Act was passed in 1934. Among the results, most industry observers believe, will be the demise of the New York Stock Exchange.

Several coeval events are conspiring to tear the industry apart and rebuild it from the ground up: one, the ending of fixed brokerage rates; two, the final passing of the individual investor as a significant actor in the economy; and three, federal legislation ordering competition in precisely those areas dominated by the NYSE and, over a period of years, the creation of an electronic national market system to replace the outmoded auction market as it now operates on exchange floors. The havoc wrought by these changes may not inevitably mean, as one might suspect, more brokers competing with each other; every time profit margins are squeezed, brokerage houses without enormous cash reserves merge with others or die. More fundamental kinds of competition, however, are likely.

The cartel's walls have been chipped at for years, both by outsiders lusting after a piece of the pie and by reform-minded lawyers at the Justice Department and the SEC. The first important cracks began to appear finally in 1971, when fixed brokerage rates for stock transactions worth more than $500,000 were eliminated; there is no way to describe how calamitous this seemed on Wall Street at the time—compare it to the death of your best friend, or a condemnation from the Almighty himself to eternal penury. What this first step toward fully competitive rates meant, for a short while at least, was that large institutional investors paid the full commissions for sales up to the new limit and no fees for the balance of the transaction, the brokers already had their profit. But the brokers knew what was coming, and after one more reduction in the negotiated fee ceiling, the walls literally came tumbling down. Last May, after years of demands from outside the industry and some pressure from the giants within (notably the powerful Merrill Lynch, Pierce, Fenner & Smith), the SEC, in an administrative action later fully ratified by law, forced the end of fixed rates altogether. Large institutional investors instantly bargained their rates down by up to more than 60 percent. The cartel was literally blown wide open.

One immediate result of smaller profits on large sales was a new attitude on the part of the brokerage houses toward the individual investor, a species they hadn't

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been ignoring but one they weren't frantically chasing either. The individual investor's commissions have changed very little with the abolition of fixed rates; in some cases his rates have gone up. The little man has no leverage on Wall Street; a brokerage house won't miss a single 100-share order of General Motors. But collectively the market desperately wants the little man. Exactly how much you can attribute the industry's new pursuit of the small order to the end of fixed brokerage rates is hardly mysterious; despite a $49 million dollar loss for NYSE members in 1973, and only moderate profits in 1974, the wooing of the small investor didn't begin in earnest until 1975.

The industry would very much like to believe the small investor is coming back to the market. "There are key signs pointing to 1976 as a turnaround year for the small investor," said American Stock Exchange Chairman Paul Kolton early this year. "Buffeted in recent years by a severe economic turndown . . . the individual investor finds himself the beneficiary of . . . products, packages and services that were once the preserve of the large institutional investor." Kolton called his assessment a New Year Statement; others would call it a prayer. It's true that talk of the dying individual investor sweeps Wall Street in cycles—when the market is down it looks like he's gone forever and when it's up he seems miraculously to return. This time, though, the swallows may have returned permanently to Capistrano. Between 1970 and 1975, the number of individual investors dropped nearly 20 percent. In 1974, individuals accounted for nearly three-quarters of the public buy and sell orders on the NYSE, but the institutions accounted for almost three-quarters of the dollar value of the shares traded; it's clear who dominates the market. While to observers of the economy these figures are far from startling, brokers are touting more vociferously than ever the importance of the small investor. Ingenious new methods have been invented to help him part with his money; one plan allows the individual to invest by the dollar instead of by the share. Why this pursuit of the tiny order? Because although the dollar volume may be small, those orders mean commissions for the customers' men—the registered representatives—and for the brokerage houses whose profits have been hurt so badly by negotiated rates on large orders.

Wall Street wisdom says the little man *always* returns. And in the past he has. Even now, in the boom market, he may be joining the institutions in the melee. But in the long run the individual investor is probably gone, and by the end of the decade a profound and deeply important change in the ways Americans save may be irreversible. Before the advent of employer-sponsored pension plans, annuities, and other techniques for forced retirement planning, people of moderate means socked their money away in large chunks of solid stocks—General Motors, American Telephone and Telegraph, utilities. It was, as financial writer Chris Welles described it to me, "the macho thing to do." Now our money is in pension funds and savings certificates; of course some of that money is still in the market, but not under our direct control. Those who do buy common stocks, or newer investment devices such as options and commodities, literally "play" the market, in effect gamble with small amounts of money. Their real savings are elsewhere. Even mutual funds, once thought by the small investor to be a safe and successful way to invest in common stocks, are not nearly so popular as they were, say, five years ago.

The withdrawal of the small investor as a major actor in the stock market represents an unprecedented shift of money into the hands of large financial institutions, and specifically into the hands of their money managers. This, too, diminishes the power of the New York Stock Exchange. More important, it concentrates enormous power with those who are even less accountable to the public and to the economic system than are members of the NYSE. The managers of pension fund and mutual fund money are subject to numerous conflicts of interest. Because they can, merely by trading large blocs of stock, generate sizable commissions, they are continually courted by brokerage firms.

The dying of the small investor and the concentration of power in the hands of institutional investors constitute a movement that coincides with the most sustained governmental challenge to the hegemony of the NYSE since it was founded in 1792. Basic systemic reforms, reforms that will transform the entire market-making structure, are beginning to take effect. Last May, after years of hearings and decades of slowly mounting pressure from within the government, Congress passed the Securities Acts Amendments of 1975, an extraordinarily far-reaching and complex document; the legislative history of the various bills runs to a mere 203 pages. Among other things, the Act called for two specific transitions on Wall Street. First, it ordered the SEC to examine, and change if necessary, rules limiting access to markets by members of the various stock exchanges, and also to examine rules limiting the market-making ability of those who are not members of the various exchanges. Second, Congress asked the SEC to begin developing plans for a national

COMING: Oriana Fallaci,

having seen Mr. Colby,

pays a call

on Otis Pike

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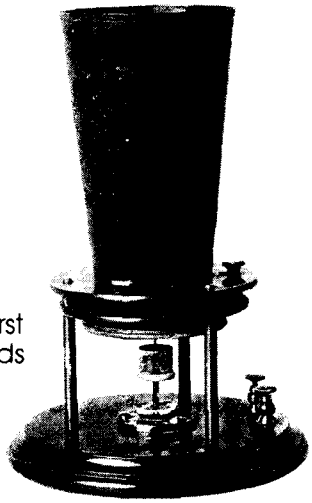
THE IS 10C

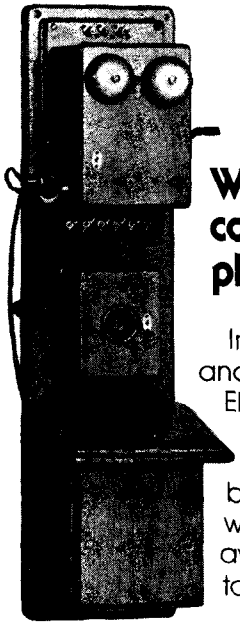


The Liquid Phone—first telephone to carry the words of Alexander Graham Bell.

March 10, 1876: "Mr. Watson, come here-I want to see you!"

In the years since Alexander Graham Bell invented the telephone, it has progressed from a curiosity piece to an instrument people everywhere depend upon for their daily existence.

Here are some of the things that have made that progress possible.



February 6, 1882: Western Electric wins competition to manufacture phones for Bell.

In Boston, Anson Stager, Enos Barton, and Charles Scribner of the Western Electric Manufacturing Company met with Alexander Graham Bell to demonstrate a telephone they had built to Bell's specifications. Its quality was superior and convinced Bell to award Western Electric the contract to manufacture it.

Western Electric became a partner in the growing Bell System. And today it still performs the same vital task it began 94 years ago: building the highest quality telephones, switchboards and connecting equipment at a reasonable cost.

June 17, 1914: Transcontinental telephone line is completed.

To a group of men near the town of Wendover on the Utah-Nevada border, it had been a grueling five-year project. They had installed 130,000 telephone poles, strung 13,600 miles of wire. They had endured summer days of 130° and weathered snowfalls so blinding even their pack animals were forced to wear dark glasses. It was an enormous task. But linking both coasts by telephone had been worth it.

When service began in January, 1915, a call from New York to San Francisco took 23 minutes to go through. The cost was $20.70. Today, a coast-to-coast call can be made in seconds for under a quarter.

To celebrate the 100th anniversary of the telephone, the Bell System Family Theat

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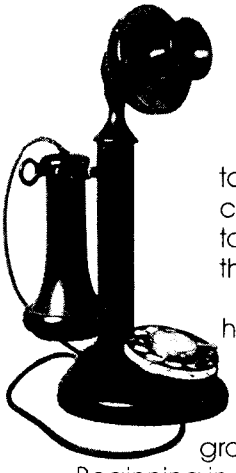
TELEPHONE YEARS OLD.



November 8, 1919: Dial service begins.

In Norfolk, Virginia, Bell customers could do something they couldn't do before. They were able to pick up a telephone and dial their own calls.

In the past, operators had to connect each call by hand. But the operators, mostly young boys at first and then women, couldn't keep up with the growing number of calls.

Beginning in 1919, machines made dial service possible. With it, the telephone as we know it today was born.

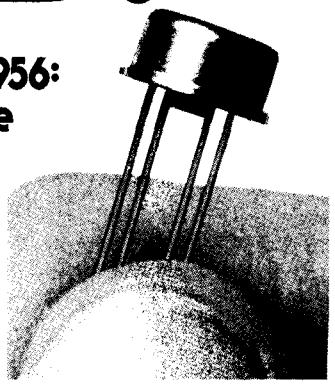
April 7, 1927: First television transmission.

In New York, a handful of people were given a glimpse of the future. It was called television.

In this first demonstration in America, Herbert Hoover, then Secretary of Commerce, spoke from Washington, D.C. The picture was carried over telephone lines by a system developed at Bell Laboratories. It was only an experiment. And, at the time, few people realized just how successful it would turn out to be.

The Bell System is still deeply involved in television. In fact, the network shows you now enjoy come to you in much the same way as the first one in 1927—through the Bell System network.

December 10, 1956: The inventors of the transistor receive the Nobel Prize.



The men who were awarded the prize, John Bardeen, William Shockley and Walter H. Brattain of Bell Labs, had invented the transistor in 1947 to help improve telephone equipment.

In a thousand different ways, from push-button phones to satellite communications, it has done just that. But at the same time, it also helped make a whole new world of technology possible. In computers, modern radio and television, even man's conquest of space, the transistor has played a major role.

All of which raises an interesting question: what might the phone company think of next?

The Second Hundred Years.

To Alexander Graham Bell, the present was never quite good enough. It could always be improved upon.

At the Bell System we believe the same thing. We take great pride in the accomplishments of yesterday and today, but we're continually at work on the future. For example, even now we're starting Electronic Long Distance Switching—a computerized way to make long distance calling faster and more efficient than ever before. Further in the future, we'll have Lightwave Communications, a system that will carry phone calls on a beam of light.

Alexander Graham Bell invented the telephone to help people communicate better. Our goal is to keep improving on his dream.

We're keeping America's phone system the best in the world.

Bell System

presents The Bell Telephone "JUBILEE!" Hosted by Bing Crosby and Liza Minnelli.
Friday, March 26, 8:30pm EST, NBC-TV

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market system. (Referring to all exchanges, incidentally, doesn't mean much. Eighty-five percent of public trading is conducted on the NYSE floor.)

Evidence of the SEC's commitment to the intent of the 1975 Act came, after months of hearings, last December, when, in a 91-page decision, the commission ordered the gradual abolition of NYSE's Rule 394 and similar rules on other exchanges; this is clearly a prelude to the commission's planning for a national market system. Rule 394 had required exchange members to take all orders to the floor of the exchange when acting for customers; the SEC said that beginning next month exchange members can, with certain limitations, take those orders elsewhere for a better price—to other exchanges or to brokers who aren't members of the NYSE. Here we are dealing with the fundamental question of access to markets. While it's true that the abolition of fixed commission rates made it somewhat less necessary for large traders to seek other markets, Congress and the SEC have confronted the issue of competition as directly as possible, and have at the same time signaled their intention to allow for the largest possible number of market makers in listed securities.

In what is clearly only the first of rulings designed to increase competition, the SEC cut deep into the heart of the New York Stock Exchange. NYSE specialists have lost their monopoly as sole market makers in a stock for exchange members. The specialist system has been long attacked as one of the most absurd anachronisms of the securities trading system. Charged with maintaining "fair and orderly markets," the specialists have been allowed staggering profits as market makers. Specialist unit positions have been inherited—passed down from father to son. The method of assigning stocks to specialists has been so militantly opposed from inside the industry that even the NYSE itself is considering reforms. Further, and most important, the specialists have been less than effective in doing their assigned job—wide fluctuations in the prices of stocks have not been prevented, even in slow markets. An SEC study in 1971 discovered that specialists least dedicated to orderly markets made the most money. And as one might expect in an industry full of monopolistic abuses, the specialists themselves wield enormous power in running the exchange.

The specialist system, in and of itself rife with conflicts of interest, is nevertheless defended by the exchange as if it were the last bastion of capitalism to be protected from onslaughts by barbarians. In a recent conversation, NYSE Chairman James Needham told me that "the real competition is between the orders of the customers, rather than the actions of market makers. And the history of the operation of market makers bears that out. Our price is the price for securities all over the world, and the reason for that is not because our specialists have a monopoly, but rather because we have such a high flow of orders, which determines the price, that other market makers would be foolish to act in a way substantially different from the way our market is behaving."

This is nonsense. While Needham is right that in an auction market customer orders compete with each other, that hardly justifies a market-making monopoly. In calling for a national market system allowing for market makers to compete as well, Congress has repudiated Needham's position. Among those excluded from market making for exchange members until the SEC's recent decision is Donald Weeden, who heads a "third market" brokerage house that bears his name; the third market is composed of those brokers who belong to no exchanges but make markets in exchange-listed stocks. "Opening up the responsibility of market making to market makers all across the country is a positive thing," Weeden told me recently with apparent passion. "The more gas stations we have on a corner, the more confidence we have that the price being offered, unless collusion can be proved, is a fair price."

Critics of increased competition have said it will produce a chaotic marketplace, fragmenting the market and destroying it's most essential characteristic, a central and continuous flow of orders. Bringing more market makers into the business, however, is not an isolated reform. The 1975 Securities Acts Amendments delegated to the SEC the power to create "a mechanism . . . by which specialists and other market makers can be made aware of all (public) orders within the national market system." In plain English, that means if you go to your broker to buy 100 shares of Gulf Oil, your registered representative will be able to determine automatically the best price being offered all around the country—that is, the last price offered by any market maker. That could be the specialist on the NYSE floor, a specialist on one of the regional exchanges, or, theoretically, a third market dealer (theoretically because third market dealers are unlikely to deal in small orders; they can't make money shaving an eighth of a point off the exchange's price unless they are trading on the order of several thousand shares). The prototype for such a system already exists in the "composite tape," a consolidated ticker noting transactions in all markets. And as early as 1971, the over-the-counter market, for stocks not listed on exchanges, had been computerized by the National Association of Securities Dealers; dealers in over-the-counter stocks can now get instant price quotations on the same sort of small television screens your broker uses to get quotes for exchange-listed stocks, except that the NASD system gives quotes from the many market makers in over-the-counter stocks.

In the not-too-distant future, the electronic system will be refined so that your broker can simply push a button and your order will be executed at the lowest available price, the so-called locked-in trade. Market makers from coast to coast will be exposing prices, and

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whoever has the best price will get your order. The electronic system will do in a computer what the NYSE now does on its floor—create a central marketplace for all public orders, guaranteeing a high order flow, and at the same time, many experts think, reducing the numerous possibilities for price manipulation. It will allow for closer scrutiny of the market, for minute-to-minute tabulation of who holds which stocks in what quantities, thereby reducing the possibility for other kinds of internal fraud.

What a national market system will not do is diminish the domination of the market by institutional investors, nor will it necessarily mean more brokers competing for the individual's business. In the latter case, the opposite is more likely. The ending of fixed brokerage rates, among other things, forced many brokerage houses to close their doors or merge; a national market system will only exacerbate that trend, and again only the most efficient will survive. Not by coincidence or from sheer public spirit did Merrill Lynch, the strongest broker in the business, develop and present its own plan for a national market system. Could it be that Merrill Lynch, which compares to the rest of the industry as General Motors does to all the other automakers combined, plans to drive its competitors out of the business?

Donald Regan, head of Merrill Lynch, denies any such intention. In a recent conversation he said that reform on Wall Street will simply mean survival of the fittest, and he cited the auto and electronics industries as examples of how the market chooses survivors. But an extension of the pattern in those industries to the brokerage business would hardly be cause for celebration. There is, in fact, good reason to believe that Merrill Lynch has far larger ambitions than monopolizing the brokerage business; it has announced plans to become a diversified provider of financial "services." It is currently negotiating the purchase of an income tax preparation service. Eventually Merrill Lynch will be able to do just about everything for the consumer except clean his teeth.

Concentration among brokers in the retail business is not the only specter raised by the current reforms. Some of the national market system's promoters suggest that buying stocks should be as easy as buying groceries, and foresee the day when you will be able to buy stocks, through a national market system, from machines located anywhere—in your insurance broker's office, say, or your local bank. The latter possibility is scarifying to those who fear the already immeasurable power of the nation's commercial banks. Critics of concentration in the securities industry speculate that commercial banks, one of the prime sources of new money for investment, will attempt to enter both the underwriting and brokerage businesses once again; the last time they were allowed in the industry was prior to the passage of the Glass-Steagall Act in 1933. They were thrown out of the securities industry not only because of the potential for enormous abuse of concentrations of capital, but also because of obvious conflicts of interest among their lending, brokering and underwriting businesses.

Congress has never been notoriously successful at regulating banks, and one suspects the banks of being able to enlist the help of Congress to get back in to the profitable securities business. They are uniquely prepared to underwrite new issues—who has more cash? They are well equipped to sell stocks to retail customers—who has more storefronts? In fact, the banks, despite legal challenges, are already effectively in the business of selling stocks through various investment plans in which they deduct money from your checking account for automatic investment. Underwriting new issues and selling stocks to retail customers can be unimaginably lucrative if managed at all well. If the banks manage to have the Glass-Steagall Act repealed or, far more likely, evade it by challenging it in court, we will find ourselves right back in 1933, with the most hideous legalized criminality possible in the money business. How strong would enforcement procedures have to be to stop a bank from underwriting a new issue and then touting it to the bank's borrowing customers? How strong would enforcement have to be to stop the banks from gobbling up Wall Street altogether, and thus gain almost total and relatively unscrutinized control over most of the capital in the country? The SEC could hire every law school graduate in the US and still not have enough cops to do the job.

For the first time since 1934 Congress and the SEC seem to have a taste for reform. All of the money industries have languished too long in that paradise far from the chill wind of competition and the occasionally outraged eye of the public. Now the public would be foolish to settle for simply bringing Wall Street into the 20th century. Perhaps the time has come for legally defined standards of what a registered representative is and what he is legally obliged to tell his customer. Perhaps the securities industry is due for closer examination of its investment advisory services. Congress might consider going beyond the Glass-Steagall Act and further minimize the commercial banks' control over a variety of investment and money-management services. The larger role of the banks—how they contribute to inflation, their effect on social policy through discrimination in lending, and their potential for severely crippling themselves, and thus other sectors of the economy, through bad loans—has come under relatively mild scrutiny.

The Securities Acts Amendments of 1975 will undeniably lead to much-needed reform, but of far greater significance are vast parts of Wall Street that remain untouched by the legislation. There could not be a better time to extend the debate beyond the questions of competition in the securities industry to confront directly the collective forces that determine how money moves and how it is used.

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Arts and Lives

Stanley Kauffmann on films

Script Troubles

Robin and Marian (Columbia). Oh dear, oh dear. I've just looked up what I wrote about Audrey Hepburn in *The Nun's Story* (*TNR*, June 29, '59), and I see that I talked about the way her beauty served as an intensifying glass for the inner travail of the part. "Besides, the nun's coif concentrates our attention so compellingly on her countenance that her face becomes the principal theater" of the drama. Well, I've just seen Hepburn in a coif again, in *Robin and Marian*, and ungraciously I have to note that it's just not true any more. This picture is supposed to take place 20 years after the well-known Robin Hood and Maid Marian legends—Robin was off on the Crusades with King Richard and comes back to find Marian an abbess—but in the actual elapsed 17 years of her own life Hepburn's face has lost that ability to be a theater. In a sense her beauty was itself a dramatic action that affected us. Now the face is not merely older, it is surprisingly altered; and Hepburn, like any other mortal, has to rely on conventional acting ability. She has it, and though she must wade through some high hokum here, she does well. But unlike Celia Johnson, for instance, who is differently beautiful now that she is older, Hepburn is merely different.

The script is by James Goldman, author of that badly stuffed 12th-century turkey *The Lion in Winter*, who shows again his ability to get his facts right and his historical diction subtly wrong. Thinking of Marian, Robin says, "Lovely girl." The Sheriff of Nottingham watches his recruits drill and says, "They never learn." Goldman is trying to steer a course between the musty and the modern, but I don't think he succeeds. His dialogue, like those quoted phrases, is not demonstrably anachronistic, it just sounds harmonically wonky.

His story is the romance of revived romance—both the amorous and chivalric kinds. Robin and Little John come back, middle-aged, to Sherwood Forest, which is now overgrown, and Marian leaps over the wall to live with Robin again. And the Sheriff, abetted by a Norman lord and King John's troops, comes after him again. All ends, as it should, with a dying fall. It's all like Sam Peckinpah's aging Westerners, only tenderer and untruer.

Sean Connery is Robin Hood. How he tries to be dynamic. He has, one might say, everything except everything. To me Connery is just a beefy balding man in an iron-gray beard, trying intelligently and sincerely to be dynamic and rueful and strong. And his slushy 's' stands out in this picture particularly. At one point he says to Marian: "If you're in trouble I can shave you."

The rest of the cast is superb. Robert Shaw as the Sheriff succeeds before he even opens his mouth—solid experienced, wryly vicious—and when he opens it, he crowns the work. Nicol Williamson is Little John, and this star shows lesser actors how to play a supporting role so that it *supports*. Ian Holm has only one scene as King John, but it's pure gold—actually, more like pure steel. Denholm Elliott, Richard Harris, Kenneth Haigh, old one-eyed Esmond Knight—what a rollickingly fine bunch of actors.

Richard Lester directed, and the latest Lester is more interesting than the latterly one. The man who sparkled with the Beatles and who soared with *How I Won the War* merely fiddled and fussed with his two *Musketeer* pictures. Here he has left his original electric darting style and its subsequent adulteration: he now composes in longer, cursive sequences (with the same good editor John Victor Smith). Many sequences begin with a vista into which figures move, sometimes at a great distance. Lester doesn't then formulaically move in, like Kubrick in *Barry Lyndon*, he sometimes lets long shots or medium shots carry the sequence. And the place-before-persons idea has a rolling balladic effect.

Lester is helped as usual by that unusual cinematographer David Watkin, whose only real fault is that he tends to sift a little romantic mist over everything he does. It suits here, but it's detracted from because we also saw it in *Catch-22* and *The Homecoming* and the slapstick in the *Musketeers* films. The costumes by Yvonne Blake are wonderful, the cloth almost sweatily palpable, the armor damned heavy. (But did she costume the peddler's horse? He wears a harness that can't be more than 100 years old.) The sound, done by too many recordists and editors to name, is exceptionally apt—axle-squeaks in the distance, horses' hoofs moving from dirt to stone.

All that's wrong is the script, and even that is reasonably entertaining until the last third when the love scenes are souped up and the action dragged out. Otherwise this would have been good flapdoodle. As is, it's exceptionally well-made flapdoodle.

My Michael (Alfred Plaine). This is an odd little film from Israel, based on a novel by the Israeli author Amos Oz. Set in Jerusalem in the 1950s it tells of the courtship and marriage and troubles and continuing marriage of two Israeli students. The details of Israeli life give an extra texture to a film that would be much less interesting if set in a more familiar place and is only occasionally interesting here.

The wife (Efrat Lavie) has two troubles. When she was a child she used to play with two little Arab boys whom she loved, and now she frequently has fantasies about their coming back as grown men to rape her. (These fantasies rather obviously symbolize past and present political-cultural situations.) Her daydreaming is whetted by the behavior of her husband (Oded Kotler) who is intelligent and loyal but stolid. Her complaints about him ring very oddly because she is one of the most

Films Worth Seeing

All Screwed Up. Modern Milan. Lina Wertmüller's exuberance freshens (a bit too forcefully) the old theme of young people arriving in the big city.

Dog Day Afternoon. This factual script about a homosexual bank robber slides away at the end, but Al Pacino does very well.

One Flew Over the Cuckoo's Nest. Jack Nicholson is tremendous in this dubious allegory set in a mental hospital.

Seven Beauties. Wertmüller again—a tragic farce about a Neapolitan in WW II. Trite touches, blatant touches, but a strong central idea strongly articulated.

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stolid young women (the character, that is) I can remember in a film. In fact at the start they seem a perfect match, and her growing discontent seems unfair because he could just as easily make the same complaint about her. (What a wedding-night scene—both of them behave like studious gymnasts.)

But *My Michael* is notable because of the direction—by Dan Wolman, an Israeli who trained at the NYU film school. It's discreet, gentle and, unlike much film school graduates' work, quite unexhibitionistic. Wolman shows smooth control of all the grammar he needs for this story, a good eye, and touching sympathy for his people.

Salut l'Artiste (Archer King). Here is Marcello Mastroianni as an Italian actor living in Paris, trying to make a living. He has a wife and two children whom he loves and a mistress whom he lives with—at the start anyway. As if this didn't keep him busy enough, he has to hustle his butt to get along as an actor: doing bits in films, voices in animated cartoons, walk-ons in plays, a night-club comedy act. All of these are interwoven so that the schedules dovetail, mostly, and the small pay-packets amalgamate.

The script is by Yves Robert, who directed, and Jean-Loup Dabadie, and again the script is the trouble. The hurry-scurry professional life of the actor is amusingly shown, but it's a very commonplace story; so is the story of his private life. What's worse, they have absolutely no thematic relevance to one another. The film could have been the story of a lawyer with wife-mistress problems or of a very snugly married actor who has to rush to earn a living. Two commonplace stories don't unite to make a good one, or even a wedded one when the stories are absolutely separable.

Still it's hard to be hard on a film that has Françoise Fabian in it. She's the mistress. (She was Maud in *My Night at Maud's*.) Mastroianni is much more present here than he has been in some of his recent pictures. (It was hard to blame him for wishing himself absent from some of them.) But there's a credibility problem: he's so good as the actor, even as the actor playing roles in the film, that you can't understand why the actor he's playing isn't more of a success.

NEWSWORTHY

MAO TSE-TUNG
The Man in the Leader
Lucian W. Pye

Much of what is happening in China today, says leading Sinologist Lucian Pye, can be understood through the all-too-little known personality of Mao. This fascinating biography is the first to relate the private man—his maternal attachment, his clashes with his father, his three marriages—to the public figure of Mao. "Excellent." —*Robert Kirsch, Los Angeles Times*. "Uniquely perceptive." —*Zbigniew Brzezinski*

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This is our third of a number of presentations of poets and essays on poets. Except for "A Drink of Water," which is a new contribution, the following poems of Seamus Heaney are taken from his books, Door into the Dark *(1969),* Wintering Out *(1972) and* North *(1975). The poems are reprinted with permission of Oxford University Press.*

The Poems Of Seamus Heaney

SUNLIGHT

There was a sunlit absence.
The helmeted pump in the yard
heated its iron,
water honeyed

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in the slung bucket
and the sun stood
like a griddle cooling
against the wall

of each long afternoon.
So, her hands scuffled
over the bakeboard,
the reddening stove

sent its plaque of heat
against her where she stood
in a floury apron
by the window.

Now she dusts the board
with a goose's wing,
now sits, broad-lapped,
with whitened nails

and measling shins:
here is a space
again, the scone rising
to the tick of two clocks.

And here is love
like a tinsmith's scoop
sunk past its gleam
in the meal-bin.

BOG OAK

A carter's trophy
split for rafters,
a cobwebbed, black,
long-seasoned rib

under the first thatch.
I might tarry
with the moustached
dead, the creel-fillers,

or eavesdrop on
their hopeless wisdom
as a blow-down of smoke
struggles over the half-door

and mizzling rain
blurs the far end
of the cart track.
The softening ruts

lead back to no
'oak groves', no
cutters of mistletoe
in the green clearings.

Perhaps I just make out
Edmund Spenser,
dreaming sunlight,
encroached upon by

geniuses who creep
'out of every corner
of the woodes and glennes'
towards watercress and carrion.

A DRINK OF WATER

She came every morning to draw water
Like an old bat staggering up the field:
The pump's whooping cough, the bucket's clatter
And slow diminuendo as it filled
Announced her. I recall
Her grey apron, the pocked enamel
Of the brimming bucket, and the treble
Creak of her voice like the pump's handle.
Nights when a full moon lifted past her gable
It fell back through the window and would lie
Into the water set out on the table.
Where I have dipped to drink again, to be
Faithful to the admonishment on her cup,
Remember the Giver fading off its lip.

MOTHER OF THE GROOM

What she remembers
Is his glistening back
In the bath, his small boots
In the ring of boots at her feet.

Hands in her voided lap,
She hears a daughter welcomed.
It's as if he kicked when lifted
And slipped her soapy hold.

Once soap would ease off
The wedding ring
That's bedded forever now
In her clapping hand.

THATCHER

Bespoke for weeks, he turned up some morning
Unexpectedly, his bicycle slung
With a light ladder and a bag of knives.
He eyed the old rigging, poked at the eaves,

Opened and handled sheaves of lashed wheat-straw.
Next, the bundled rods: hazel and willow
Were flicked for weight, twisted in case they'd snap.
It seemed he spent the morning warming up:

Then fixed the ladder, laid out well honed blades
And snipped at straw and sharpened ends of rods
That, bent in two, made a white-pronged staple
For pinning down his world, handful by handful.

Couchant for days on sods above the rafters
He shaved and flushed the butts, stitched all together
Into a sloped honeycomb, a stubble patch,
And left them gaping at his Midas touch.

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SHORELINE

Turning a corner, taking a hill
In County Down, there's the sea
Sidling and settling to
The back of a hedge. Or else

A grey bottom with puddles
Dead-eyed as fish.
Haphazard tidal craters march
The corn and the grazing.

All round Antrim and westward
Two hundred miles at Moher
Basalt stands to.
Both ocean and channel

Froth at the black locks
On Ireland. And strands
Take hissing submissions
Off Wicklow and Mayo.

Take any minute. A tide
Is rummaging in
At the foot of all fields,
All cliffs and shingles.

Listen. Is it the Danes,
A black hawk bent on the sail?
Or the chinking Normans?
Or currachs hopping high

On to the sand?
Strangford, Arklow, Carrickfergus,
Belmullet and Ventry
Stay, forgotten like sentries.

THE GRAUBALLE MAN

As if he had been poured
in tar, he lies
on a pillow of turf
and seems to weep

the black river of himself.
The grain of his wrists
is like bog oak,
the ball of his heel

like a basalt egg.
His instep has shrunk
cold as a swan's foot
or a wet swamp root.

His hips are the ridge
and purse of a mussel,
his spine an eel arrested
under a glisten of mud.

The head lifts,
the chin is a visor
raised above the vent
of his slashed throat

that has tanned and toughened.
The cured wound
opens inwards to a dark
elderberry place.

Who will say 'corpse'
to his vivid cast?
Who will say 'body'
to his opaque repose?

And his rusted hair,
a mat unlikely
as a foetus's.
I first saw his twisted face

in a photograph,
a head and shoulder
out of the peat,
bruised like a forceps baby,

but now he lies
perfected in my memory,
down to the red horn
of his nails,

hung in the scales
with beauty and atrocity:
with the Dying Gaul
too strictly compassed

on his shield,
with the actual weight
of each hooded victim,
slashed and dumped.

OCEAN'S LOVE TO IRELAND

I

Speaking broad Devonshire,
Ralegh has backed the maid to a tree
As Ireland is backed to England

And drives inland
Till all her strands are breathless:
'Sweesir, Swatter! Sweesir, Swatter!'

He is water, he is ocean, lifting
Her farthingale like a scarf of weed lifting
In the front of a wave.

II

Yet his superb crest inclines to Cynthia
Even while it runs its bent
In the rivers of Lee and Blackwater.

Those are the plashy spots where he would lay
His cape before her. In London, his name
Will rise on water, and on these dark seepings:
Smerwick sowed with the mouthing corpses
Of six hundred papists, 'as gallant and good
Personages as ever were beheld.'

III

The ruined maid complains in Irish,
Ocean has scattered her dream of fleets,
The Spanish prince has spilled his gold

And failed her. Iambic drums
Of English beat the woods where her poets
Sink like Onan. Rush-light, mushroom-flesh,

She fades from their somnolent clasp
Into ringlet-breath and dew,
The ground possessed and repossessed.

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KINSHIP

I

Kinned by hieroglyphic
peace on a spreadfield
to the strangled victim,
the love-nest in the bracken,

I step through origins
like a dog turning
its memories of wilderness
on the kitchen mat:

the bog floor shakes,
water cheeps and lisps
as I walk down
rushes and heather.

I love this turf-face,
its black incisions,
the cooped secrets
of process and ritual;

I love the spring
off the ground,
each bank a gallows drop,
each open pool

the unstopped mouth
of an urn, a moon-drinker,
not to be sounded
by the naked eye.

II

Quagmire, swampland, morass:
the slime kingdoms,
domains of the cold-blooded,
of mud pads and dirtied eggs.

But *bog*
meaning soft,
the fall of windless rain,
pupil of amber.

Ruminant ground,
digestion of mollusc
and seed-pod,
deep pollen bin.

Earth-pantry, bone-vault,
sun-bank, embalmer
of votive goods
and sabred fugitives.

Insatiable bride.
Sword-swallower,
casket, midden,
floe of history.

Ground that will strip
its dark side.
nesting ground,
outback of my mind.

IV

This centre holds
and spreads,
sump and seedbed,
a bag of waters

and a melting grave.
The mothers of autumn
sour and sink,
ferments of husk and leaf

deepen their ochres.
Mosses come to a head,
heather unseeds,
brackens deposit

their bronze.
This is the vowel of earth
dreaming its root
in flowers and snow,

mutation of weathers
and seasons,
a windfall composing
the floor it rots into.

I grew out of all this
like a weeping willow
inclined to
the appetites of gravity.

VI

And you, Tacitus,
observe how I make my grove
on an old crannog
piled by the fearful dead:

a desolate peace.
Our mother ground
is sour with the blood
of her faithful,

they lie gargling
in her sacred heart
as the legions stare
from the ramparts.

Come back to this
'island of the ocean'
where nothing will suffice.
Read the inhumed faces

of casualty and victim;
report us fairly,
how we slaughter
for the common good

and shave the heads
of the notorious,
how the goddess swallows
our love and terror.

FUNERAL RITES

I

I shouldered a kind of manhood
stepping in to lift the coffins
of dead relations.
They had been laid out

in tainted rooms,
their eyelids glistening,
their dough-white hands
shackled in rosary beads.

Their puffed knuckles
had unwrinkled, the nails
were darkened, the wrists
obediently sloped.

The dulse-brown shroud,
the quilted satin cribs:
I knelt courteously
admiring it all

as wax melted down
and veined the candles,
the flames hovering
to the women hovering

behind me.
And always, in a corner,
the coffin lid,
its nail-heads dressed

with little gleaming crosses.
Dear soapstone masks,
kissing their igloo brows
had to suffice

before the nails were sunk
and the black glacier
of each funeral
pushed away.

II

Now as news comes in
of each neighbourly murder
we pine for ceremony,
customary rhythms:

the temperate footsteps
of a cortège, winding past
each blinded home.
I would restore

the great chambers of Boyne,
prepare a sepulchre
under the cupmarked stones.
Out of side-streets and bye-roads

purring family cars
nose into line,
the whole country tunes
to the muffled drumming

of ten thousand engines.
Somnambulant women,
left behind, move
through emptied kitchens

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imagining our slow triumph
towards the mounds.
Quiet as a serpent
in its grassy boulevard

the procession drags its tail
out of the Gap of the North
as its head already enters
the megalithic doorway.

III

When they have put the stone
back in its mouth
we will drive north again
past Strang and Carling fjords

the cud of memory
allayed for once, arbitration
of the feud placated,
imagining those under the hill

disposed like Gunnar
who lay beautiful
inside his burial mound,
though dead by violence

and unavenged.
Men said that he was chanting
verses about honour
and that four lights burned

in corners of the chamber:
which opened then, as he turned
with a joyful face
to look at the moon.

Seamus Heaney: An Appreciation

In one of Seamus Heaney's poems, a fiddler is said to have gone alone to a stone hut on the most westerly of the Blasket Islands and there to have got a new air "out of the night."

The house throbbed like his full violin.
So whether he calls it spirit music
Or not, I don't care. He took it
Out of wind off mid-Atlantic . . .

"The Given Note," this poem is called. The fiddler's gale-given air stands for gifts of that kind in general, the *données* of imagination, and you can call them spirit music or not so long as by your choice you mean to take them seriously. Heaney's way of taking them has been staunch, responsible, watchful and easy. His range has widened through four books in the last 10 years until with *North*, his latest, old and new gifts are astringently and powerfully realized. There is no point in avoiding the inevitable comparison. Yeats is hardly a presence in his work—although there are two allusions that I will come to—but Heaney has heard a spirit music no less distinct than that of his great predecessor.

John Synge, I and Augusta Gregory, thought
All that we did, all that we said or sung
Must come from contact with the soil, from that
Contact everything Antaeus-like grew strong . . .

So Yeats reflected in one of his late poems, "The Municipal Gallery Revisited." And yet in truth very little that Yeats said or sang came from contact with the soil of Ireland in any literal sense; had he ever had his hands in it? It is primary with Heaney that he has. His first sensory world was that of farm life in Derry, one of the northernmost counties of Northern Ireland. His poems were and are grounded in that land and its working: rituals and implements of farming, beasts of stockyard and stable, laboring muscles in arms and legs: the contours, odors, crops and weathers of the earth. In his 20s he began to find an accurate language, weighted and spare, for a physical universe as intensely given as that of some Ionian speculator pairing, in his wonderment, rough and smooth, soft and hard, dry and moist, hot and cold . . .

Thence, and tenacious thereof, the life of the mind. Heaney's Irish landscape flickered and reeked from the start with sensibility and a sense of the past, with pathos, fantasy and fear. "The Barn" begins:

Threshed corn lay piled like grit of ivory
Or solid as cement in two-lugged sacks . . .

But some gifts of imagination are fearsome. The poem comes in the end to a child's hallucinated fright:

I lay face-down to shun the fear above.
The two-lugged sacks moved in like great blind rats . . .

Heaney entitled his first book in 1966 *Death of a Naturalist*, after a poem in which the naturalist, a schoolboy collector of frogspawn from a flax dam, encounters there one day a conclave of bull frogs that terrify him:

The great slime kings
Were gathered there for vengeance . . .

"Slime kings . . . vengeance . . ." The event might seem little more than a wry memory were it not for the reverberation of these words in Heaney's later work; the place he gave the poem turned out to be prophetic.

Formally simple and conversational, a little clumsy and thick-tongued, Heaney's early poems were carefully guarded against the curse of lilt. None approached the summits of Irish poetry after Yeats, which I take to be Thomas Kinsella's beautiful and bitter "Country Walk" (1962) and "Down Stream" (1964). But Heaney had a deeper affinity than Kinsella for their common progenitor in Irish writing, Joyce. His work was and would be incarnational, conceived in an objective and substantial world and embodied in forms respectful of it, no matter how various with learning and linguistic art the music of the spirit might become. For such a writer a good poem can be autotelic and autonomous only after a manner of speaking, for it owes its life above all to the life of men and only necessarily, if you like, to the life of poetry; it is utterance and artifact on equal terms.

In Heaney's second book, *Door into the Dark* (1969) a shorter line, a more selective eye and ear were at work, as for instance to evoke an empty stall and a vanished plow horse:

Green froth that lathered each end
Of the shining bit
Is a cobweb of grass-dust . . .

In this book, too, the given note more often had a carrying power beyond local matters. "Shoreline" is a good example. Here the visible and audible meeting of land and water all around Ireland, and within Ireland (has air travel given us eyes for this?), makes a wide scene held long in the mind, long enough to take in images and noises of beachings long ago, echoing finally in Viking and Norman place names. The poet now can work

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with bare but telling items in prose rhythms quietly spaced and ordered; he commands a style. He will extend it. Without strain the voice of "Shoreline" can call up, in his third book, *Wintering Out*, mythical and magical presences, derived no more than folklore than from experience. Poems such as "The Last Mummer" and "Maighdean Mara" are all of a piece with invocations of history like the more recent "Ocean's Love to Ireland."

I admire the unforced audacity and the tart, distant tenderness of this poem. An incident out of Aubrey's *Brief Lives*—Raleigh's rape of one of the Queen's maids of honor, whose alarmed "Sweet Sir Walter!" soon became incoherent—provides a figure for England and Ireland in the 16th century, but the possessor is at once tidal and oceanic even while remaining Elizabeth's courtier and soldier, and the still richer details of Part III come together to state something with great precision that would be unstatable otherwise. The poet disposes of 20th century poetic means, as in the quotations chosen and placed with more than Poundian ebullience and force. But a kind of courtesy regulates Heaney's writing. In the Age of Criticism the cultivation of poetry as a superior amusement, superior indeed in the work of at least one master, has gone so far among later talents as to attenuate and trivialize the whole business. Heaney's best poems in their purity are certainly fresh esthetic objects; at the same time his manner is large and open, his intent a publicly conducted meditation among the living and the dead.

Two poems in *North* suggest at least partially Heaney's poetics. In the title poem he hears the "ocean-deafened voices" of old fabulous raiders saying to him:

Lie down
in the word-hoard, burrow
the coil and gleam
of your furrowed brain.

Compose in darkness.
Expect aurora borealis
in the long foray
but no cascades of light.

Keep your eye clear
as the bleb of the icicle,
trust the feel of what nubbed treasure
your hands have known.

In another and longer, "Bone Dreams," he recalls finding the Anglo-Saxon *banhus* for body.

Bone-house:
a skeleton
in the tongue's
old dungeons.

I push back
through dictions,
Elizabethan canopies,
Norman devices,

the erotic mayflowers
of Provence
and the ivied latins
of churchmen

to the scop's
twang, the iron
flash of consonants
cleaving the line . . .

There are moments of delicate erotic or "ivied" music in these poems. But the old languages, Irish, Norse, Anglo-Saxon, have reinforced Heaney's ruggedness, a quality not only of vocabulary but of mood and temper upon which the poet had occasion to depend.

Out of Ireland we come.
Great hatred, little room,
Maimed us at the start . . .

wrote Yeats in 1931. One of Heaney's two allusions to that master is the title "Singing School" for a group of poems in Part II of *North*, all concerned with the orientation of a Catholic poet amid the pressures of life in Northern Ireland before and after the eruption of killing in the summer of 1969. To enlarge on the irony of the title he quotes as one epigraph a few sentences from Yeats' *Autobiographies* remembering how a stable boy's "book of Orange rhymes" put it into his head as a child that he "would like to die fighting the Fenians." The other epigraph is Wordsworth's "I grew up / Fostered alike by beauty and by fear." In the fourth poem of this group, called "Summer of 1969," Heaney recalls hearing the news from Belfast in Madrid and concludes with Goya's images in the Prado:

His nightmares, grafted to the palace wall—
Dark cyclones, hosting, breaking; Saturn
Jewelled in the blood of his own children,
Gigantic Chaos turning his brute hips
Over the world. Also that holmgang
Where two berserks club each other to death
For honor's sake, greaved in a bog, and sinking . . .

NOAM CHOMSKY

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PANTHEON

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Here is the customary exertion of strength and precision in diction.

A holmgang is a single combat on an island. Two more lines frame the images, but I have not quoted them because to my ear they detract from the power of this borrowing as a commentary on events in Northern Ireland. In other poems self-questioning, sorrow, fierce irritation and disgust can enter the speaking voice:

Long sucking the hind tit
Cold as a witch's and as hard to swallow
Still leaves us fork-tongued on the border bit:
The liberal papist note sounds hollow

When amplified and mixed in with the bangs
That shake all hearts and windows day and night . . .

Door into the Dark included a short poem, "Bogland," in homage to the Irish peat bogs in which archaeological finds have been made from prehistoric and historic times: the skeleton of the Great Irish Elk, for example. But it was somewhat later and through a book by the Danish archaeologist P.V. Glob that the North European boglands took hold of Heaney's imagination and supplied him with a master image or metaphor. Bogwater may be so preservative that anything lost—or deposited—in it will decompose little for centuries. In the peat bogs of northwest Europe hundreds of human bodies have been found, many of them Iron Age people, often strangled victims of human sacrifice or punishment. Some of these *objets trouvés* are charged with frightful and monumental beauty: the Tollund Man and the Grauballe Man in Jutland, the "Viking Queen" in County Armagh. Pondering these, Heaney made eight poems like found objects themselves. Here contact with the soil meant contact through the familiar peat bogs with ancient depths of European life, tribal, pre-Christian and indeed pre-Roman (though relevant notes could be found in Tacitus). Heaney tried a "refraction" of Northern Irish murderousness in the perspective these depths, and the earth itself, afforded. I have taken the liberty of reprinting Parts I, II, IV and VI of his longest bog poem, "Kinship," a kind of litany. "This centre holds," Heaney's other allusion to Yeats, appears as the first line of Part IV and makes explicit in passing the reserve toward Yeats that all his work implies. Elsewhere he has said, "the language and landscape of Ireland . . . can be regarded as information retrieval systems for their own history: the bog bank is a memory bank." As a figure for the memory of a people his bogland is literally more down-to-earth than Yeats' *anima mundi*. And what Denis Donoghue said of Yeats—that he "invented a country, calling it Ireland"—cannot be said of the younger poet.

Heaney's piety toward the life of his boyhood appears in two excellent, comparatively late poems, "Sunlight" and "A Drink of Water." But his tribal sense, his learning, and his imagination have collaborated most remarkably, perhaps, in the poem "Funeral Rites." Here he envisages for the dead-by-violence a ceremony on a grand scale and a glimpse of heroic appeasement. The "great chambers of Boyne" are the megalithic tombs at New Grange, to which you drive from Belfast through the Gap of the North, skirting loughs with Scandinavian names. Gunnar is a figure out of Icelandic saga at whose burial a cycle of vengeance was broken, at least temporarily, by a miracle of strange light and happiness beyond death. It is almost startling to think that the measured progression and elevation of this poem can do nothing for Northern Ireland.

Robert Fitzgerald

Books Considered

The Troubles: Ireland 1912-22 by Ulick O'Connor

(Bobbs-Merrill; $7.95)

The Irish Triangle: Conflict In Northern Ireland by Roger H. Hull

(Princeton University Press; $15)

An Oliphant cartoon that appeared some time ago gives a clue to the average American's political perspective on Northern Ireland. An old man is sitting in a dark Irish graveyard, he is alone and says: "Here I am, the last living man in Ireland, and I can't remember if I'm Protestant or Catholic." To which a small figure in the corner of the cartoon replies: "And if you ever find out, you'll probably shoot yourself."

There is a certain sadness behind the grim humor, and it is tempting to let our feelings toward Ireland be controlled by Oliphant's wizened old man, sitting in the dark graveyard, surrounded by Celtic crosses and not knowing who he is. But those of us who see Northern Ireland as a medieval religious war six centuries out of date are as narrow-minded as the demagogue Ian Paisley who tells Protestant workers that the Vatican is funding the IRA. When we accept the simple Protestant-Catholic idea, ignoring the economic exploitation at the root of Ulster's history, we are accepting Paisley's analysis. Two new books on Ireland challenge the simplistic explanations of Paisley and his friends.

Ulick O'Connor's *The Troubles: Ireland 1912-22* is a short history of the Irish national movement, concentrating on the decade of civil war that ended with the establishment of the Irish Free State and the partitioning of the island into North and South. O'Connor develops the history of the separatist movement from the Act of Union in 1800 to the Government of Ireland Act in 1920, focusing on the "troubles" that finally forced the British to recognize a degree of Irish autonomy. Although he writes effectively about the brutal exploitation of the Irish agricultural and working classes, he is chiefly interested in the growth of the separatist movement as an expression of middle class revulsion at Britain's "plantation" attitude toward Ireland.

The crucial development in Irish history was the successful campaign by British conservatives to alienate the Protestant working class from their natural allies, the Catholics, who were equally victimized by Britain's imperial policies. Originally the British aristocracy had despised the predominantly Presbyterian Ulster working class as "dissenters" from the Church of England who were as great a threat to British rule in Ireland as Roman Catholics. But by the mid-19th century, with the growth of separatist sentiment out of the famine, they had begun to play "the Orange card"—telling the Ulster workers that all Protestants were brothers in the struggle against home rule, or "Rome rule" by the Catholic south.

Britain's liberals had entered into a similar alliance in the south. Gladstone needed the vote of Irish Nationalist MP's

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for a parliamentary majority, and used the demand for home rule to marshal their support. If the liberal role was not as cynical as the conservative, it was no less disastrous, leaving Ireland at the beginning of World War I with a half-century of false promises and the Irish Nationalist party discredited as a tool of British imperialism.

While the parliamentary struggle for home rule was fought in Westminster, the armed resistance movement had developed in the south and among Irish-Americans eager to support any movement that called for the violent overthrow of British imperialism. O'Connor does a good job of tracing the parallel growth of Sinn Fein, the political fusion of the parliamentary and resistance movements that called for the election of an Irish delegation to Westminster that would simply refuse to take their seats, instead establishing a *de facto* independent government in Dublin.

O'Connor follows events through the abortive Easter rising, the electoral victory of Sinn Fein, and the establishment of the first Irish government, repeatedly emphasizing the efforts of British and Ulster conservatives to poison relations between the Protestant and Catholic Irish, an effort that succeeded with the separation of Ulster from the rest of Ireland in the 1921 Anglo-Irish treaty.

Roger H. Hull's *The Irish Triangle: Conflict in Northern Ireland* is notable because, while it is a study of the Irish problem from the standpoint of contemporary international law, and would be considered by many a more objective book, it persistently attacks the role of British conservatives as provocateurs in the religious strife who feared a united separatist movement made up of the Protestant and Catholic working classes.

Hull, who is a lawyer and currently works for the State Department, sees Ulster as a problem in international law, since it involves conflicting nationalist claims, each supported by a sovereign state claiming to represent the interests of both nationalist groups. So he attempts, and I think quite successfully, to handle each aspect of the conflict from four viewpoints; three of these make up the "triangle" used in his title—Dublin, Belfast and London. The fourth viewpoint is his own conclusion to whatever topic he is discussing, and those conclusions will surprise many readers.

In his first chapter, "Myth and Reality," he gives a brief history of the Irish struggle for independence from the perspective of a Dubliner; it is a synthesis of all pro-separatist sentiment including the two IRA positions. He then shifts into the respective voices of a London "neutral" and an Ulster Orangeman, giving their positions and doing a remarkable job of the former's confusion and the latter's fanaticism.

In his own conclusion he writes: ". . . the names of Tone, Emmet, Butts and Parnell need simply be cited to substantiate the dual claims that Protestants played leading roles in the early struggle for independence and that religious bigotry evolved not spontaneously but artificially through the actions of those individuals whose economic and political interests were served by dividing the people of Ireland." And later in his conclusion he writes ". . .present day events are the incontrovertible residue of past expansionist and manipulative policies . . . religion is, as it always has been, a tool to be wielded for economic and political profit." This is the idea crucial to an understanding of the fighting in Ireland: that religion has been substituted for class for economic reasons.

Hull uses his triangle approach to discuss a variety of legal problems touching on Ulster, and develops a paradoxical approach in his chapter on the constitutional status of the six northern counties. Having concluded that Britain is thoroughly to blame for the Irish situation, and that Britain's centuries-old denial of Irish independence is the key to the problem, he concludes that British imperialism has been so successful in separating Ulster from the south that things must stay that way, with the British deciding what is to be done in Ulster. He goes on to make some humane and sensible suggestions with which I agree in part, but I cannot accept his assertion that Britain has a genuine constitutional claim on Ulster.

I think he is successful in establishing the weak position of those who would have Ulster a part of the United Kingdom, even while insisting that Ulster have the final veto over any British peace plans. He correctly points out that under the parliamentary system, Westminster has ultimate control over all parts of Britain, and that Unionist allegiance to Britain must imply acceptance of the legality of all British decisions by Paisley and his allies. But this assumes that the Catholic minority in the north and the real Irish majority of the south accept parliamentary rule in Ulster. The fact is that they don't (as Hull points out early in his book) and therefore are in no way legally bound by parliamentary decisions. If the logic of allegiance to Britain is submission to Westminster, it certainly follows that those who reject any legal claims on Britain's part to Ireland also reject the authority of the body that make those claims, the British parliament.

I agree with Hull that the United Nations may prove to be the answer to the Irish question, but I part with him over the ultimate solution to the bloodshed in Ulster. Economic justice for the Catholic minority must be coupled with the eventual reunification of Ireland into a single republic with justice for all religious groups.

Lawrence Dugan

Lawrence Dugan is a free-lance writer living in Philadelphia.

Antaeus: Special Essay Issue ed. by Daniel Halpern

(Ecco Press; $5.95)

Writers who want to make money don't, especially in this country, write what they want to write. They write what editors assign them, or what they sense editors want. The result is known as journalism (except of course in the case of this review). And since few writers who are really writers do not need to make money there are few who are not journalists. Journalism, therefore, runs our writing world except on the edges. Journalism makes for relevance, contemporaneity, with-itness—and being fed. It also makes for predictability, enforcing our slavery. Journalism is death for an older, more spacious kind of writing, death for the art of the essay.

The magazine *Antaeus* has tried to resurrect the essay in its most recent (spring) issue, and the result is learnedly unpredictable, a pleasant surprise. Here are some 30 brains not committed to the usual slavery but meditating, on their own time, about art, beauty, life, energy and Aunt Mary. It is doodling of a high order. Daniel Halpern, the editor of *Antaeus*, and his colleagues have been putting out an unusual magazine for some years, but this special issue may be

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their biggest editing moment, biggest because they took as their assignment that of finding writers as themselves.

To do so they had to retreat to the past, sometimes, and find the writers as they once were. They found Auden back in 1939 being, to himself, a know-it-all and writing down doubtful pearls ("Judges, Policemen, Critics. These are the real Lower Orders, the low, sly lives, whom no decent person should receive in his house") but writing down also a number of details of his early life that might well have been otherwise unknown. They found Ezra Pound sending off brief bombs, over many years, to W.B. Yeats about Harriet Monroe, the Guggenheim Foundation and the like. They found Raymond Chandler beautifully destroying Hollywood in about 1950, and Federico Garcia Lorca beautifully saving a "primitive Andalusian music called *Cante Jondo*" in 1922. They even slipped back a century to find two eccentric items in old, presumably elegant leather bindings—an ironic how-to essay for gentlemen by a lady, and "The History and Poetry of Finger-Rings" by a learned finger-ringer. Of course they found plenty of contemporary essays too, though some of these may also be modestly aged, having first gathered dust in desk drawers in the way that essays not originally composed for editors tend to do. Is the resultant collection the poorer for its 'irrelevance?' No, it gains, mostly. It is what the age of relevance needs lots of, fiddling while Rome burns.

After all, the essay has traditionally been a fiddling genre, and as the mighty Edmund Gosse pointed out (in *Enc. Britt.*, 11th Ed.) its fiddling-beginning can be specifically dated:

> *It is not often that we can date with any approach to accuracy the arrival of a new class of literature into the world but it was in the month of March 1571 that the essay was invented. It was started in the second story of the older tower of the castle of Montaigne, in a study to which the philosopher withdrew for that purpose, surrounded by his books, close to his chapel, sheltered from the excesses of a fatiguing world.*

Gosse went on to point out that sometimes Montaigne regarded his invention as composed of "inepties" and "sottises" but that it turned out better than that. And *Antaeus* turns out better than that. The trick of the essay, whether written in old or new towers, is to let the mind circulate slowly around a subject, and infiltrate it, and go around it again, then go to bed, then wake up and renew—if the brain is not yet bored—the circulating. In the *Antaeus* collection the prize for the most circulating goes to William S. Wilson who must have been in his tower for about half his life to complete his essay on the word "energy." He moves from Plato to Timothy Leary, quoting from circa 70 persons and meditating (energetically) on what each meant by the word. But Leslie Fiedler is a strong second, rotating around "freaks." Fiedler does not say that he wrote in a tower but he does allege that he completed his freakish work on Hallowe'en 1975. He is not as comprehensive, historically, as Wilson but he is equally suggestive of his subject's endless figuring in our lives, and like Wilson he avoids sweeping clearly to a clear end, avoids, that is, the conventional pattern of journalism's essay-usurper, the article. So does everyone else in *Antaeus*. They "do" cemeteries, chopsticks, maps, liberals, perfume, Picasso and drinking on Irish railways; and if sometimes the results of the doing are, for anyone not in a tower, too long (I found W.S. Merwin interminable on "Mary") or too hard (I found Francis Ponge impermeable on Picasso) they are at least never pat. No matter how exhaustive or exhausting, they remain relaxed and incomplete.

So these essays are to be praised, not damned, for irrelevance, for a slow gait and for floppy finales, but a few of them do need to be damned for something else, a recurring highfalutin decadent manner. Through the centuries the essay form has always encouraged, in a few towers, manner at the expense of the substance of meditation, and our century does too. Maybe such excesses of manner are, like the rest of the essay's properties, a natural and sometimes necessary part of the essayist's resistance to the businesslikeness of journalism, but enough is enough, at least for me. A few of the *Antaeus* contributions—let me be kind and not mention their titles—are so precious that when I read them I wanted to go out and buy a copy of *The National Enquirer*.

Return, Alpheus. A fine magazine. A fine occasion. Of all the essays in the issue the one I found most satisfying was probably Chandler's on Hollywood (see my further comments on it in a television column for *TNR* for the week of April 3), perhaps because Chandler spoke home to me there was a writer continually worrying about what

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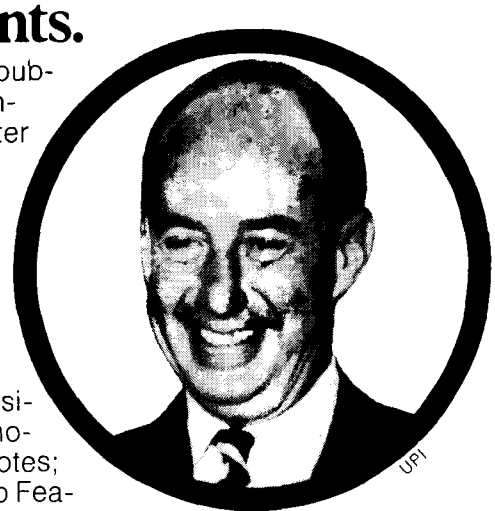

ADLAI STEVENSON OF ILLINOIS

John Bartlow Martin

DOUBLEDAY

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happens to writers' souls in the purgatorial world of the media. Another hit me hard for another private reason; it was a wild and good-humored sadness about the dread business of teaching creative writing. This last essay, by Jerome Charyn, is a skilled example of how not to stay on a point. It is called "Ping Pong in New York" and the ping pong gets in the way of the teaching of writing in the way that ping pong should. Finally there is an essay on the keeping of diaries by Gail Godwin who has been keeping his own diary for 25 years and has had the temerity to go back and read it all. He did not persuade me that I should have kept a diary myself, but he left me pleased that *he* had.

Reed Whittemore

Reed Whittemore's most recent book is *William Carlos Williams: Poet from Jersey* (Houghton Mifflin).

The Back of the Book

The Pure Soldier

Wolf Von Eckardt, the urban architecture columnist of *The Washington Post*, recently reviewed an exhibit at the Renwick Gallery in Washington called "Signs of Life: Symbols in the American City," which consists of fiberglass bird baths, plaster ducks, a simulated suburban living room furnished in fakes, and a recreation of a city "strip" of noisy lights and signs. Von Eckardt concluded: "they are imposed on our retinas and our countryside by the greedy hucksterism of American corporations. We have never volunteered to be the mass consumers of a commercialized society." Many people would agree with him.

Suppose for the sake of it, however, that commercialism is not the prime mover of cultural ugliness but is merely another contributor. Suppose that we are not the victims of mass salesmanship, as Von Eckardt holds, but in fact do volunteer our performances and presences on the strip. Suppose that the modern buyer in whose name all ducks are plastered, all toothpastes whiten, is not only a happy fiction of the huckster's imagination, but of our own. Suppose, while you're at it, that this fiction is not degenerate and destructive, but admirable, courageous, necessary, even good.

No one you have ever known has done the SOS soap test and changed scouring pads accordingly. The creature who squeezes the Charmin, flicks your Bic, or approves of the giant soda faucets, Del Monte Catsup billboard, the castle housing "Beethoven's Pizza," Mobilgas Pegasus, and other flukum on display at the Renwick is nowhere to be found, not even in the agitated lives of the faucet-makers and soap sellers who only generalize a common man to latch on to. Yet this non-existent common man has a great deal of power. Not only does he stand at the center of capitalist Route 66, accepting the basest appeals for his love and money, but he is a constant, perhaps the only constant, of our modern imagination—the fellow everyone recognizes, a regular Joe, you know where he stands. Given enough backing he could run for President, or run again.

According to Von Eckardt *et al*. this fiction achieved his considerable stature solely by the desire of sharps and shills to take his (our) dollars. But the presence of this fellow extends outside the buy/sell booths into a total land of "other," a place ever elsewhere. There he stands for "the world," "the times," "that's how people are," a term of opprobrium for all contemporary activity, commercial and otherwise, that one finds crass, though rampant. He could never have occupied such a position had we not wished him there, and could not keep it without our support. Wallace Stevens said "the final belief is to believe in a fiction, which you know to be a fiction, there being nothing else." This character may not be our final belief, but for a vulgarian he has a healthy following.

Our tolerance of vulgarity is inordinately high, and the reason for this may be that we are not really harmed by vulgarity. We have hired the fictional fellow for that, like a soldier paid to enlist under our names and bear our wounds. This soldier's greatest service in our behalf is that he lives within time, which allows us to be free of time, to an extent, and free of ridicule. Locked into time one looks foolish; the fashionable man, the worldly man, man of the year, the hour, the fast food and neon man, is a set-up for pratfalls. Whereas you and I noble creatures are fluent, as Ransom says, even in the wintriest bronze.

Since we invented our vulgarian, and are tied to the comedy of his performances, he might not be such a bad fellow after all. By his enlistment in base business he allows us leisure and a measure of eternity; and he also allows the culture itself great latitude in what it incorporates. Culture is process, always has been. Standing in for us at the low life he gives culture some of that fluency we prize in ourselves. In one sense it is chilling to think that so much of modern life is dictated to a fiction. But when that fiction is a pure soldier, mercenary to the core, it puts the whole question of his function in a professional and necessary cast.

I walked our soldier's territory on the Renwick strip, ogling the girl on the gigantic "KIIS at 1156 AM. And listen," billboard with her six-foot lips and yellow rose the size of a window; and the McDonald's "welcome" and "thank you" signs; and the Big Fish restaurant, a fish of a building with three doors in its belly; and the oversized pair of Lee denims, "sanforized shrunk," hanging from the ceiling like a Titan's wash. There's something funny about the exhibit: thousands of people come off Pennsylvania Avenue across from the White House to gawk at a life they passed on the way to the Renwick. Some visitors seemed embarrassed to be there, as if a museum's re-creation of realities invaded their privacy. But most just stared and wondered, as they do not stare and wonder at the genuine articles, not only discovering the hoi polloi they live with, but doing so with a certain ease and authority. They could take the junk or leave it, and in time, on their own, will do both.

Roger Rosenblatt

Coming
Malcolm Muggeridge
on Bertrand Russell

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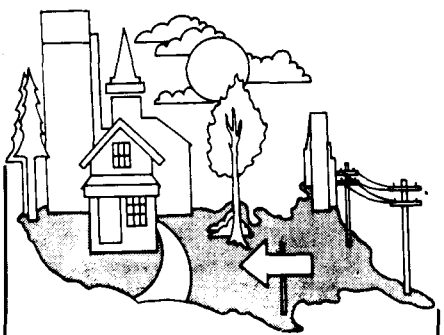

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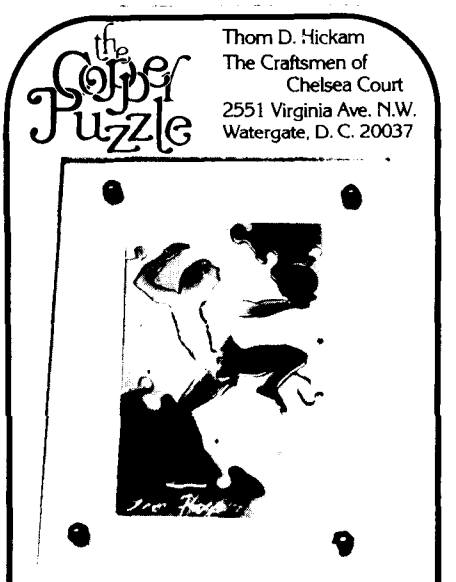

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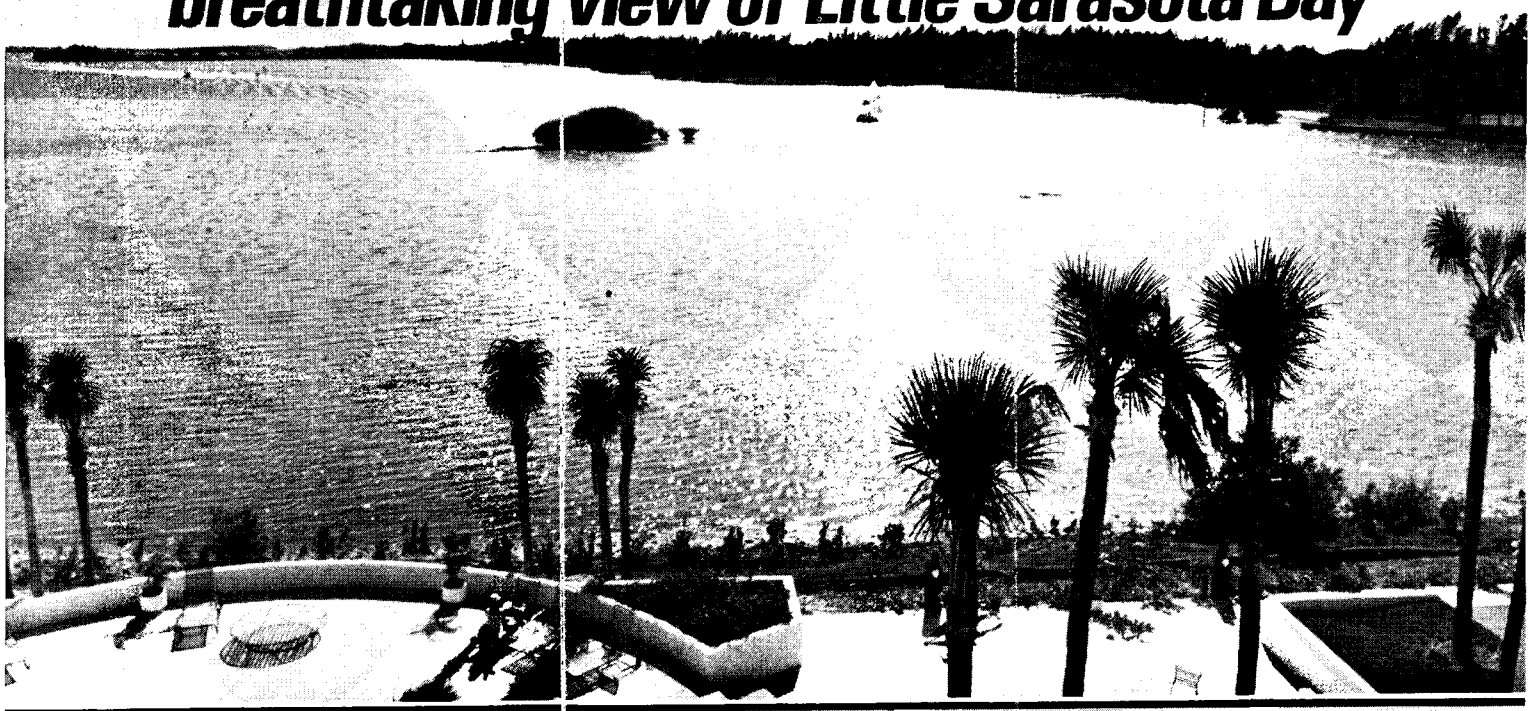

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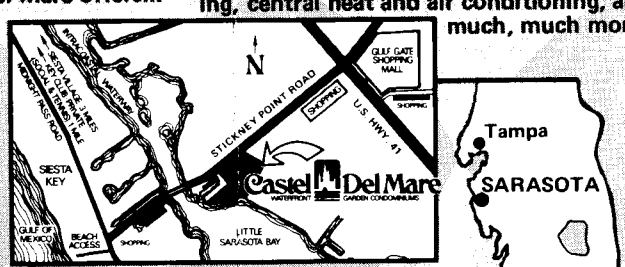

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